# 2021

# Annual Report


a.s.r.
de nederlandse
verzekerings
maatschappij
voor alle
verzekeringen

ASR Nederland N.V.

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# 2021

# Annual Report

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This document is the PDF / printed version of the 2021 Annual Report of a.s.r. and has been prepared for ease of use and does not contain ESEF information as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The 2021 Annual Report was made publicy available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op financieel toezicht), and was filed with Netherlands Authority for the Financial Markets in European single electronic reporting format (the ESEF package). The ESEF package is available on www.asrnl.com and includes a human readable XHMTL version of the 2021 Annual Report. In any case of discrepancies between this PDF version and the ESEF package, the latter prevails.

# 1

# About a.s.r.

## Purpose

a.s.r. helps customers share risks and accumulate capital for later. The sustainable solutions that a.s.r. offers take into account the interests of people, environment, society and future generations.

# 1.1 At a **glance**

### Operating result
(in € million)

**1,021** ↑

2020: **885**

### IFRS net result
(in € million)

**942** ↑

2020: **657**

### Organic capital creation
(in € million)

**594** ↑

2020: **500**

### Total equity
(in € million)


### Total equity attributable to shareholders
(in € million)


### Solvency II ratio
(standard formula, in %)

**196** ↓

2020: **199**

### Operating return on equity
(in %)

**16.3** ↑

2020: **15.3**

### IFRS return on equity
(in %)

**15.3** ↑

2020: **11.7**

### Dividend per share
(in €)

**2.42** ↑

2020: **2.04**

### Total dividend
(in € million)

**329** ↑

2020: **282**

### Share buyback
(in € million)

**75** →

2020: **75**

**Interest coverage ratio**
(in x)

**13.8** ↑

2020: **9.5**

**Financial leverage**
(in %)

**24.8** ↓

2020: **28.3**

**Credit rating**
(S&P)

**A** →

2020: **A**

**Gross written premiums**
(in € million)

**5,859** ↑

2020: **5,276**

**New business Life segment**
(APE, in € million)

**151** ↑

2020: **124**

**Operating expenses**
(in € million)


**Combined ratio P&C and Disability**
(in %)


**Net Promoter Score (NPS-c)**
(-100 to +100)

**49** →

2020: **49**

**Impact investing**
(in € billion)

**2.5** ↑

2020: **1.7**

**Carbon footprint**
(in % of portfolio for own account)

**96** ↑

2020: **93**

**Employee contribution to local society**
(in hours)

**5,571** ↑

2020: **4,398**

# 1.2 **Message** from the CEO

With this annual report, a.s.r. accounts for its activities in the year 2021. Before discussing this further, I must first say a word about recent developments. The Russian invasion of Ukraine has made the geopolitical situation complex and unstable, and it is difficult to predict how this will develop. We sympathise with the population of Ukraine and with surviving relatives of the innocent victims of this war. We sympathise with our colleagues who come from Ukraine and those who have family and friends in Ukraine, but also with our Russian colleagues and their families who do not support this war. Clearly, the war in Ukraine and the measures being taken against Russia by countries throughout the world will have an impact on the economic prospects and the financial markets worldwide. We are following these developments closely and will take appropriate measures where necessary.

We can only hope that this senseless act of violence against a country and its population will quickly come to an end. At the same time, we must be realistic and realise that international relations could be seriously disrupted for a longer period.

Looking back on the past year and on 2020, the year in which the world fell into the grip of COVID-19, I am satisfied with how we at a.s.r. have addressed this. We succeeded in realising excellent results for 2021, to which all our business lines made a positive contribution. This is because, with confidence in our own strengths and abilities, we were able to hold on to our strategy. This is based on long-term value creation for our stakeholders, with clear targets for what we want to achieve, both financially and in terms of sustainability.

We now appear to have passed the peak of COVID-19, while measures are being eased. These had a substantial impact on our personal lives, on the business community and on society as a whole. At the same time, together with our employees, we were able to make great progress with hybrid working. This contributed towards higher job satisfaction, higher productivity and a strong Net Promoter Score (NPS) among customers and intermediaries. We will take these lessons of two years of COVID-19 with us as we find a new balance between working at the office and working from home in the 'new normal'.

Another topic that has had our attention in the past year is how we treat each other and our customers. Through the eMood, the Vitality scan, the Denison scan, ethical workshops and dialogue sessions we are in contact with colleagues about diversity, equality and inclusion to make our workplace a pleasant and safe place for everyone. We also pay attention to gender-neutral registration of and communication with our customers and employees. We are aware that not everyone recognises themselves in only the male or female option. That is why we are investigating how we can deal with this in an appropriate way.

2021 was in many ways a remarkable year. In our long history predecessors of a.s.r. were well known by strong brand names suchs as AMEV, Stad Rotterdam and Woudsend Verzekeringen. In 1964 De Amersfoortse was established and since the merger in 1997, De Amersfoortse has been part of a.s.r. As part of our brand strategy we said goodbye to the Amersfoortse brand in april 2021. In order to strengthen the a.s.r. brand and our market position. The unique character of De Amersfoortse as a reliable and helpful insurer in the field of income and health insurance will certainly not be lost: a.s.r. remains a reliable partner for entrepreneurs, employers and advisors with the same employees, the same insurance policies and the same services.

Having said that, I would like to take a moment to look at our financial perfomance in 2021, which was very succesfull. We attained or exceeded all our financial targets for 2021. Our operating result rose by more than 15%. Organic capital creation (OCC) increased by almost 19% and, at € 594 million, was well above the target of € 500 million. Our solvency, at 196% was also well above our target of 160%. The return on equity was 16.3%, far exceeding the target of 12-14%. And finally, the combined ratio for P&C and Disability was 91.8% in 2021, a substantial improvement on our target of 94-96%. We also attained our targets in the field of sustainability for impact investments and for the carbon footprint of our investments. We also maintained a consistently positive recognition from customers and intermediaries. The latter is for instance reflected in the most recent annual performance benchmark from IG&H, where intermediaries ranked a.s.r. as the number one insurer in Pension and Disability, and the number two in P&C.

In December 2021, with a new composition of our Executive Board, we presented our medium-term targets. We are happy that, following the departure of Annemiek van Melick as CFO of a.s.r., in Ewout Hollegien we soon had the right excellent candidate available internally to take over this position. With the new targets for 2022-2024, which we presented during the Investor Update (IU), we are taking a new and ambitious step forward. Our intention is to have impact investments of at least € 4.5 billion on our own balance sheet at the end of 2024 and to have reduced our carbon footprint by at least 65% in 2030 (base year 2015).

For the coming years, we have identified eight points for attention within our strategy. We aim to continually create sustainable value for all stakeholders by actively seeking opportunities for acquisitions, particularly of small and medium-sized insurers, and by consolidating life insurance portfolios. We explicitly see possibilities for profitable growth in the P&C, Disability, Asset Management and Pensions DC business lines. In addition to relatively stable developments in the Life segment and the optimisation of the service books, we expect our fee-based business to continue to perform well and show further growth. Intermediaries are essential partners for us. We wish to strengthen these relationships further and so increase our value in the chain. In order to improve customer perceptions still further and provide our customers with an even better service, we are working hard to expand our online service provision, so that customers have direct access to their personal products. We aim for self-service where possible and personal communications where necessary.

In the implementation of our strategy, we maintain our strict financial discipline. Retaining a strong balance with financial flexibility offers scope for profitable growth. If there are no possibilities for profitable capital deployment, we will return capital to shareholders, subject to certain conditions. In the presentation of our financial targets during the IU in December 2021, we said that our intention is to repurchase shares to the amount of at least € 100 million per year in the coming three years. We also announced that from 2022, we would switch to progressive, slowly rising dividend distributions, based on a proposed dividend of € 2.42 per share for 2021.

The results presented showed that 2021 was one of the most successful years in a.s.r.'s history. But as the well-known disclaimer says, past results offer no guarantees for the future. The start of 2022 was turbulent, with severe storms and extensive rainfall. As with the floods last year, these caused substantial damage. Our experts took immediate action in order to assist customers quickly and professionally. These are the times at which, with the right service, an insurer can provide the added value that customers can expect of us. The damage from these storms is expected to lead to claims for at least € 40 to € 60 million. And although, in all probability, no direct connection can be made here with climate change, we now know that climate-related damage will occur more frequently. We must learn from the crisis situations arising through extreme weather and flooding. As a sector, we must address the challenges in order to ensure, together with the government and other partners, that these risks remain affordable in the future, through insurance cover or in other ways. These could, for example, include a fund built up with a small surcharge for each policy, which can then be deployed in the event of major climate-related crises.

And while it is difficult to predict how the global situation will develop in the coming period, together with all our colleagues, we will continue to build on the future of a.s.r. in 2022. A future in which we not only devote attention to all global issues, but also continue to work on equality and inclusion. With all the experience that we are gaining and the lessons that we are learning from difficult situations, a.s.r. continues to develop in order to be there for our customers when we genuinely make a difference, for and with our employees, who realised our successful year through their efforts and who support us for and with our shareholders in the implementation of our strategy. I would therefore like to thank our customers, intermediaries, shareholders and all colleagues at a.s.r. for their continuing support and trust in a.s.r.

Jos Baeten
CEO and Chair of the Executive Board

# 2

# **Operating** environment

## **(Sustainable)** employability

a.s.r. wants employees to remain sustainably employable and encourages employees to take control of their careers and how they perform their work. a.s.r. also offers products and services that contribute to the vitality and sustainable employability of customers, combined disability and health insurance for businesses and the self-employed, and support for reintegration.

# 2.1 Value Creation Model

## Inputs

**Financial**
- Total equity
- Gross written premiums
- Assets under management

**Manufactured**
- Best in class operator
- Proven IT integration skills

**Human and intellectual**
- Expertise in pricing, underwriting, claims management and asset management
- Experienced, engaged and diverse workforce
- Well-balanced leadership

**Social and relationship**
- Loyal and high quality intermediary network
- Strong brand and reputation
- Partnerships and sector initiatives

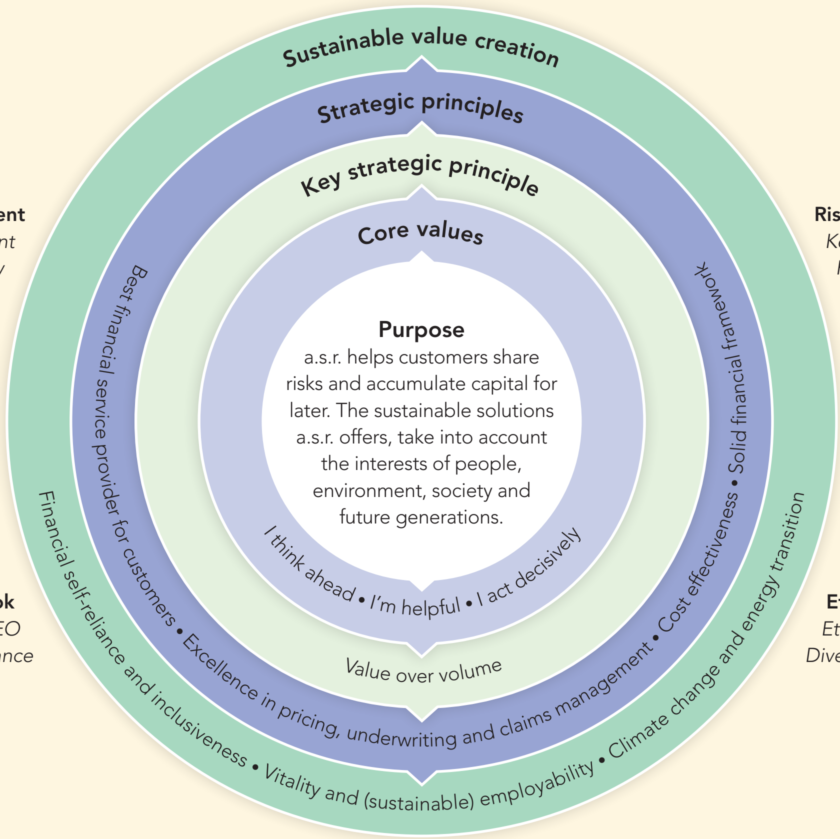
**Natural**
- Paris-aligned investment portfolio

## Business activities

**Non-life | Life | Asset Management | Distribution and Services**

**External environment**
*Operating environment*
*Strategy*

**Risk and opportunities**
*Key trends*
*Risk management*




**Outlook**
*Message from the CEO*
*Group and segment performance*

**Ethical reflection**
*Ethical dilemmas*
*Diversity, equality and inclusion*

## Outputs

**Premiums | Solvency | Employee engagement | Customer satisfaction (NPS) | Skilled workforce**

## Outcomes

**Financial**
- Payment to customers of claims and returns on invested assets
- Active approach to reduce number of debt situations
- Stable to slightly growing dividend per share
- Facilitator of entrepreneurship

**Manufactured**
- Good accessibility for a.s.r.'s customers by up-to-date digital customer solutions and understandable communication
- Correct and smooth claim handling and payment to customers

**Human and intellectual**
- Equal remuneration
- Focus on sustainable employability for both the workforce and customers
- Ethical awareness increase

**Social and relationship**
- Strong brand and reputation
- Contribution to financial self-reliance
- Healthy and vital workforce and customers
- Fair tax payments

**Natural**
- Paris-aligned investment portfolio
- Facilitator of the energy transition
- Active contributor to and pioneer in the challenging field of biodiversity

# 2.2 The story of a.s.r.

**The history of a.s.r. and its legal predecessors dates back to 1720. The needs and interests of customers have taken priority from the very start. a.s.r. is continually committed to offer products and services that are sustainable, clear and transparent and that add value for customers, employees, investors and society. Innovation and business developments are necessary in order to be able to grow along with customer requirements in an environment that is changing fast, e.g. through digitisation. In order to serve customers as well as possible, a.s.r. works closely with independent advisors. They know a.s.r.'s customers needs best and can therefore advise them well and help a.s.r. to continually improve products and services further and adjust them to customers' evolving needs.**

**a.s.r. and its legal predecessors date back to**

**1720**

Today's a.s.r. was created after all shares in Fortis Verzekeringen Nederland were acquired by the Dutch State in 2008, following the collapse of the international Fortis group. From that time on, a new, independent business has been built on a foundation of more than 300 years of history and knowledge of insurance. In June 2016, the first a.s.r. shares were sold to the private market via an Initial Public Offering (IPO). By September 2017, a.s.r. was once again entirely in private hands, with shareholders from all over the world. a.s.r. is the third-ranking all-round insurer of the Netherlands. a.s.r. was included in the AEX Index until 20 December 2021 when it became part of the AMX Index.

### Purpose

a.s.r. helps customers share risks and accumulate capital for later. The sustainable solutions a.s.r. offers, take into account the interests of people, environment, society and future generations. The value creation model shows how a.s.r. operates on the basis of this purpose and which elements are necessary for success in this context. In order to be successful, a.s.r. applies core values for employees and an overall principle for the company's strategy.

### Core values

Engaged, professionally skilled employees are essential in order to fulfil the purpose and to attain the business targets. Employees at a.s.r. work on the basis of three core values:

- *I'm helpful*
  Employees are approachable, listen attentively and help customers with solutions using their expertise, experience and commitment.
- *I think ahead*
  Employees empathise and think ahead to proactively help customers, advisors and colleagues.
- *I act decisively*
  Employees keep a close eye on content and process, and come up with solutions. They coordinate, are persistent and stand by their commitments.

These three core values call for leadership by all employees. At a.s.r., leadership means entering into dialogue with each other, sharing dilemmas, setting and requiring clear frameworks and act. a.s.r. does walk the talk. And with that a.s.r. sets an example with attention to diversity, equality and inclusion. This form of leadership is based on mutual understanding, recognition and acknowledgement, respect and appreciation. The core values and leadership form the people-oriented culture of a.s.r., in which everyone tries to bring out the best in each other in order to realise the targets set and to help customers to the best of their ability.

### Strategy

The key strategic principle of a.s.r. is value over volume. This means that what a.s.r. does, must create sustainable long-term value for stakeholders. Based on this key strategic principle and a.s.r.'s commitment to sustainability, a.s.r. has set eight compelling key focus items for the coming years (2022-2024). For more information about these key focus items see chapter 2.4.

### Strategic principles

a.s.r.'s strategy has four elements that are relevant for customers, employees, investors and society.

1. *a.s.r. aims to be the best financial service provider for customers*
   a.s.r. aims to be the best financial service provider, a high Net Promoter Score (NPS-r) could be considered a relevant indicator. This means that a.s.r. clearly understands customers' requirements and responds to these in the right way. For example, a growing number of customers prefer digital service commission. a.s.r. therefore increasingly offers its services online, so that customers can arrange matters and can have personal contact if they wish. In the field of distribution, a.s.r. maintains its strong partnership with the advisors.
2. *a.s.r. shows excellence in pricing, underwriting and claims management.*
   a.s.r. takes it seriously to develop employees' expertise and professional skills. This attributes to attractive premiums for sustainable products and services, the ability to assess risks accurately and to fast, clear and simple communications with customers, in order to help them if they call on a.s.r. for assistance with claims.
3. *a.s.r. is cost-effective*
   Everyone at a.s.r. continually monitors whether work can be done in smarter, more efficient ways at lower costs. This is embedded in the business operations. Cost savings are not a target in themselves, but dealing responsibly with the available resources is a target. Costs are incurred only if they contribute to realising the targets set.
4. *a.s.r. has a solid financial framework*
   a.s.r. is an all-round insurer with a robust solvency and profitable activities that generate capital. The solid capital base enables a.s.r. to meet long-term commitments, offer shareholders prospects of attractive returns and to grow, both organically and via targeted acquisitions.

**Sustainable value creation**

a.s.r. is among the leaders in sustainability in the Dutch financial sector and aims to play an important role in solving the societal issues on which it can exert the most influence. There are three areas in which a.s.r. believes it has the most impact – and where it can potentially create the most value for its stakeholders:

1. *Financial self-reliance and inclusiveness*
   a.s.r. works to help customers gain insight into their financial situation and make conscious financial decisions. Their financial self-reliance and risk awareness improve as a result, and they become better able to take financial decisions. With the Ik denk vooruit platform, a.s.r. offers customers the possibility of gaining insight into their current and future financial situation and plan for realisation of financial targets. a.s.r. operates on the basis of inclusivity and solidarity. Everyone has equal rights to equal opportunities. a.s.r. therefore has suitable products and services for all target groups, such as mortgages for first-time buyers in the housing market and for senior citizens wishing to use the equity in their properties and the extended disability insurance.
2. *Vitality and (sustainable) employability*
   There is growing attention for sustainable employability and vitality, prompted partly by social trends and challenges such as a later retirement age, rising healthcare costs and higher life expectancy. a.s.r. contributes towards the prevention of illness, reducing absenteeism and disability and the promotion of sustainable employability. a.s.r. wants employees to remain sustainably employable and encourages employees to take control of their careers and how they perform their work. The focus here lies on personal development, physical and mental health, the balance between work and private life and contributions to society. a.s.r. also offers products and services that contribute to the vitality and sustainable employability of customers, combined disability and health insurance for businesses and the self-employed, and support for reintegration.
3. *Climate change and the energy transition*
   a.s.r. contributes to reductions in $CO_2$e emissions and keeping the burden on the environment as low as possible through the sustainable investment of premiums, opting for impact investments that contribute to the energy transition, offering customers sustainable products and services and encouraging them to opt for sustainable solutions in the event of damage. a.s.r. works for this purpose with selected repair companies that use environmentally-friendly resources, work for lower energy consumption, process waste in the correct manner and re-use materials. In its own business operations, a.s.r. makes use of clean energy sources to keep the impact on the climate as low as possible.

# Flooding in South Limburg

In July 2021, prolonged heavy rainfall in Germany, Belgium and the Netherlands caused various rivers to overflow, resulting in severe flooding in various regions, among them South Limburg.

As the signs of a potential disaster became increasingly apparent, a.s.r.'s emergency team took action. Various disciplines, including claims management, product management, mandated brokers and communications, made preparations for the consequences of a likely flood scenario.

Eventually several rivers and streams flooded, causing enormous damage to homes and businesses. Nine experts from a.s.r. worked continuously in the affected area to catalogue the many reports and to provide assistance: 'Listening to people's stories and reassuring them was our first priority.'.

Thanks to a.s.r.'s flood coverage, combined with the presence of a.s.r. employees in the affected area, a substantial amount of the damages has already been paid out.

# 2.3 **Portfolio and** execution of strategy

a.s.r. has divided its business portfolio into three categories on the basis of profitability, value creation and organic and inorganic growth potential:

### I. Business domains in Non-life with stable cash flow and growth potential

P&C | Disability | Health

In Property & Casualty (P&C), Disability and Health, a.s.r. focuses on continuous growth, both organically and inorganically.

The ability for creating value and growing profitability in P&C is underpinned by the following capabilities of a.s.r.:
- Insurance expertise, i.e. its underwriting skills – strong acceptance, risk selection and pricing, claims management and cost-effective operations.
- Leading position in the intermediary channel and its in-house distributors and service providers.
- Organic growth with a strong combined ratio (COR).
- Broad know-how and experience in integrating and optimising portfolios and businesses acquired. a.s.r.'s IT systems and platforms are set up to be efficient and scalable, and can onboard additional businesses easily in the future.

In P&C, a.s.r. can continue to grow organically by gaining market share at the targeted COR and where available, by adding business without materially increasing operational expenses, consequently benefiting from economies of scale. The distribution partners in the portfolio play an important role in facilitating the organic growth.

a.s.r. holds a leading position in disability insurance and is well-equipped to benefit from the trends in disability insurance that are driving demand for services surrounding sustainable employability.

a.s.r. has a strong position in an evolving ecosystem in sustainable employability, which includes:
- Intermediaries, in-house distributors and service providers which provide access to customer groups.
- Disability prevention, treatment and reintegration services to assist employees and a growing cohort of self-employed individuals.
- Partnership with Discovery's Vitality, a company that offers science-based behaviour change programmes helping to improve customers' health.

Sustainable employability is an opportunity for a.s.r. to serve its customers across all parts of the value chain. a.s.r. is consequently able to improve service levels and create value within all parts of the chain, resulting in strong insurance performance.

With the creation of the new a.s.r. Reintegration and Services business line, a.s.r. took an important step towards further growth and development in the field of sustainable employment. This business line focuses on reintegration service commission, consultancy and innovation in the field of sustainable employability.

With the health proposition, a.s.r. stimulates and supports customers to make healthy choices. The combination of health insurance and health services provided by a.s.r., helps to motivate and retain customers. The close relationship with customers provides further organic growth potential for P&C and Disability offerings through cross sell.

## II. Fee-based business with growth potential

Pensions DC | Asset Management | Distribution and Services

Growth of fee-based business, such as defined contribution (DC) pension, asset management and distribution and services business, remains a key part of a.s.r.'s strategy.

Several distribution and services companies have been acquired in recent years, facilitating growth in P&C and Disability and enabling a.s.r. to become an even more service-oriented company. Within the Distribution and Services segment, a.s.r. focuses on alignment of distribution service activities to benefit from economies of scale and improve customer services, increasing market share of mandated brokers and protecting a.s.r.'s portfolio. a.s.r. is well-positioned to integrate selective mergers and acquisitions (M&A) opportunities.

a.s.r. has a diversified DC pension proposition, enabling a.s.r. to capture the opportunity in pension accumulation products arising from the new Dutch pension agreement. The acquisition of 100% of the shares in Brand New Day Premiepensioeninstelling N.V. (Brand New Day Institution for Occupational Retirement Provision (IORP)) was completed on 1 April 2021. a.s.r. manages € 8.4 billion of DC related assets as a result of strong growth in a.s.r.'s Employee Pension (Werknemers Pensioen (WnP)) and the acquisition of Brand New Day IORP.

a.s.r. was able to expand the assets managed for third parties profitably and supports growth in the affiliated DC pension business. a.s.r. has a scalable platform with € 78 billion of assets under management (AuM), enabling a.s.r. to benefit from economies of scale.

a.s.r. offers unique investment propositions to third party clients, in which it has gained extensive experience and expertise:
- Best in class Environmental, Social and Governance (ESG) driven asset management solutions.
- Knowledge of illiquid asset classes offered via funds and mandates, such as real estate, alternative fixed income and Dutch mortgages. In total, a.s.r. manages € 20.8 billion of own originated residential mortgages, of which € 9.8 billion for third parties. In 2021, mortgage origination rose by € 1.3 billion, to € 6.0 billion.
- Liability-driven investment (LDI) management solutions based on a.s.r.'s experience in managing its own insurance liabilities and related assets.

a.s.r. pursues a buy and build strategy in order to add scale and specific knowledge to asset management for third parties.

## III. Robust and predictable service books, with a substantial contribution to the profitability of a.s.r.

Individual life | Pensions DB | Funeral

The contribution of the existing Life book to capital generation is expected to remain stable to slightly growing in the medium to long-term. The robustly capitalised books that a.s.r. manages as service books are, individual life, defined benefit (DB) pension books and funeral. These books are still open, although new business has reduced over time, mainly due to the low interest rate environment, changes in the Dutch fiscal regime and a.s.r.'s value over volume key strategic principle. Life premiums account for less than 33% of total premiums.

a.s.r.'s profitability in this segment has its origin in effective and simplified processes based on low and variable cost operations, in the excellent migration and conversion of books of business and in the optimisation of Solvency II capital and investment returns.

Growth opportunities within life insurance are:
- The consolidation of funeral books.
- Consolidation in the individual life domain.
- Benefits that may be achieved by leveraging a.s.r.'s operational efficiency in the segment.

# 2.4 **Key trends** impacting a.s.r.'s operations

a.s.r. operates in the highly regulated Dutch market. The five biggest insurers, NN Group, Achmea, a.s.r., Aegon and Athora, have a joint market share of 75% (2019: 80%) in this mature market, based on the gross written premiums (GWP) in 2020[1]. At year-end 2020, a.s.r.'s market share amounted to 17% of the insurance market excluding health insurance (2019: 16%).

The main developments in the Dutch landscape over the past year are the impact of COVID-19, changing laws and regulations, changes in society and interest rates, which remained low, as well as rising inflation. Please refer to chapter 3.3 and 4.1.1 for the impact of COVID-19 on a.s.r. Other global challenges and developments such as climate change, IT / cyber security, geopolitical instability, human rights and biodiversity also remained a focus of widespread attention. See for more information about these risks chapter 4.2. By anticipating these developments and trends that a.s.r. observes, a.s.r. aspires to continue to benefit from opportunities that arise, and also works to limit risks for business models arising from those trends. Some of the trends that a.s.r. took into consideration when developing the key focus items for 2022-2024 are shown below.

**Key trends**

### Generic

- Consolidation of Dutch insurance market
- Low interest rate environment
- IT / cyber risk
- Ongoing financial (i.e. IFRS and Solvency), business (i.e. commission transparency) and ESG regulations (i.e. CSRD and EU Taxonomy)
- Stronger focus on ESG performance
- Rising inflation
- Geopolitical instability

### Non-life

- Market towards self-employment combined with underinsurance
- Innovative technologies change P&C market
- Shifting insurance risks (i.e. cyber and climate change) and needs

### Life

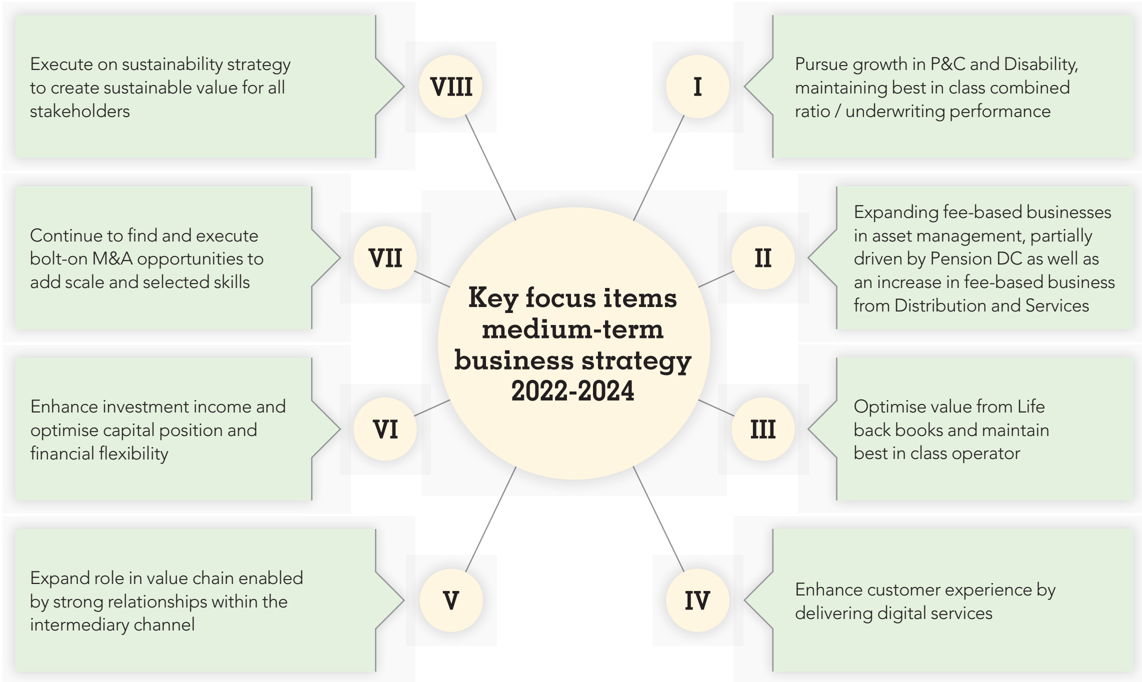
- New pension deal entails a shift from collective to individual (pension agreement)
- Need for insights into individual financial future due to social and economic uncertainties
- Gradual run-off of individual life book
- Ageing population & high life expectancy

### Distribution

- Ongoing market consolidation
- Transfer from provincial to mandated agents continues
- COVID-19 accelerates the shift towards digital channels

1 Source: Market shares DNB 2020, market shares 2021 not available yet.

These market trends are relevant for a.s.r.'s key focus items for the medium-term business strategy for the 2022-2024 period.




The above was outlined in more detail during the Investor Update of 7 December 2021. See for more information www.asrnl.com.

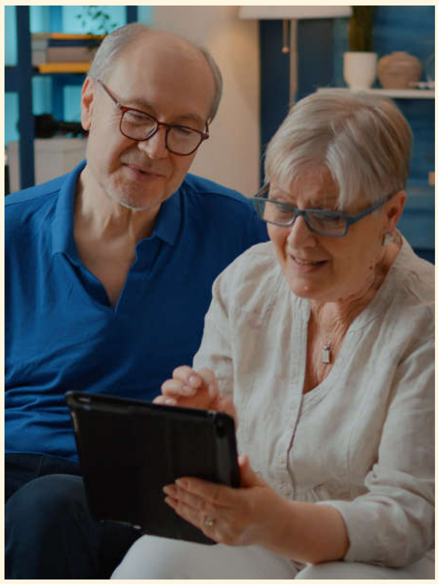
The key focus items based on these trends, among other things, are developed in more detail in the financial and non-financial strategic targets for the 2019-2021 period and in the new financial and non-financial strategic targets for the 2022-2024 period. This is further described in the next chapter.

## Digital accessibility

a.s.r. considers inclusiveness important, both within its own organisation and beyond. In order to contribute to a more inclusive society, a.s.r. aims to make the use of its digital communication channels accessible to as many people as possible. Especially as many of a.s.r.'s clients wants to work digitally and are able to.

As many as 3.4 million Dutch people have limited access to digital platforms such as websites and apps. They are semi-literate, suffer from dyslexia, have hearing or sight problems or find the use of technology difficult for other reasons. In order not to exclude this sizeable target group, a.s.r. wants to comply with the Web Content Accessibility Guidelines (WCAG) as soon as possible. These are 78 design, technical and content-related criteria that websites and applications must meet to be considered digitally accessible.

For example, a button to adjust colour contrast for the visually impaired or a different font for people with dyslexia. a.s.r. will start testing the accessibility of the customer site, www.asr.nl, and the personal digital environments in 2022 in cooperation with Stichting Accessibility. The points for improvement will be implemented so that eventually all digital applications will meet the WCAG guidelines.



# 2.5 Strategic targets and performance

**On the Capital Markets Day (CMD) - 10 October 2018 - a.s.r. announced its targets for the 2019-2021 period. These are divided into group and business targets and financial and non-financial targets. 2021 was therefore the final year in which these medium-term targets were applicable. On 7 December 2021, a.s.r. held an Investor Update (IU) to update the investment community on its strategy and also announced the new targets for the 2022-2024 period (see chapter 2.5.2).**

## 2.5.1 Strategic targets and performance 2019-2021

The direct effects of COVID-19 on the financial performance of a.s.r. were positive in 2021. The ultimate, and longer term impact of COVID-19 on future results are however difficult to predict. This will depend on, among others, the ongoing development and spread of COVID-19 and its impact on society and the economy and on government support to companies and organisations affected by this impact.

### Group targets 2019 - 2021

a.s.r. has set itself ambitious group targets, positioning itself for profitable growth. All targets set were achieved by the end of 2021, except for the target employee contribution to local society due to the COVID-19 related lockdowns and social distancing restrictions in 2020 and 2021.

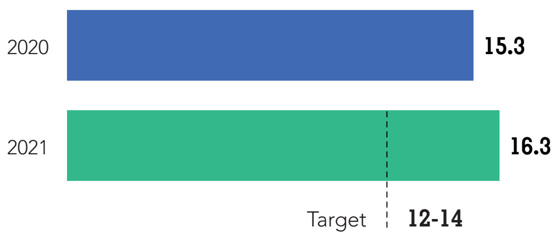
**Solvency II**

(standard formula, in %)


a.s.r. aims to maintain a strong capital position with a Solvency II ratio safely above 160% (based on the standard formula). This enables a.s.r. to deploy capital for entrepreneurial purposes, to absorb certain financial shocks and to be able to pay cash dividends. The Solvency II ratio (after the proposed full year dividend) decreased by 3%-points to 196% (2020: 199%) and was well above the target of safely above 160%.

**Operating return on equity**

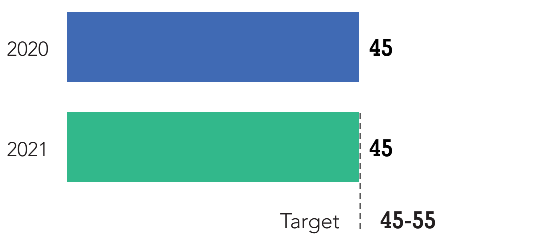
(in %)




As a rational and economical allocator of capital a.s.r. has set a target range for the return on equity deployed in its businesses. Given the confidence a.s.r. has in its businesses and their strong performance in recent years, a.s.r. had set a target for Operating Return on Equity (ROE) in the range of 12-14%. The Operating ROE over 2021 was 16.3% (2020: 15.3%).

**Dividend pay-out ratio**

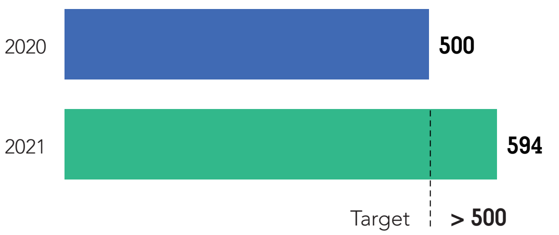
(in %)




a.s.r.'s dividend policy applicable in 2021 comprises a pay-out ratio of 45–55% of the net operating result attributable to shareholders (i.e. after tax and net of costs related to the hybrid capital instruments) as well as an ambition to offer shareholders a stable to slightly growing dividend per share. Management proposes a total dividend of € 2.42 per share for the full year of 2021 (2020: € 2.04 per share). This is a 18.6% increase compared to the dividend of 2020 and reflects, in addition to strong business performance, the extraordinary and incidental effect from COVID-19.

### Organic capital creation

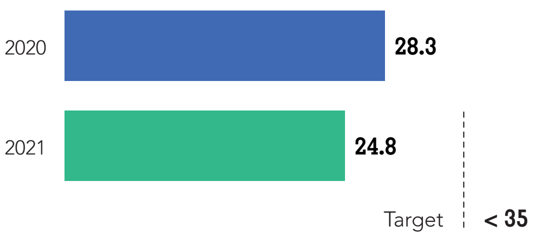
(in € million)




a.s.r. has also set a target for organic capital creation (OCC), which was set for 2021 at more than € 500 million. The OCC in 2021 was € 594 million (2020: € 500 million).

### Financial leverage

(in %)




The maximum level of financial leverage has been set at 35%. This supports a.s.r.'s Standard & Poor's (S&P) rating target of at least Single A. The financial leverage stood at 24.8% at year-end 2021 (2020: 28.3%) and the S&P rating was confirmed at Single A during the year.

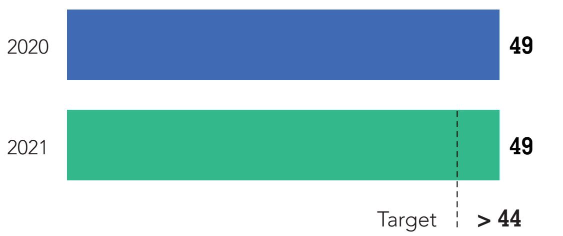
### Credit rating

(S&P)


a.s.r. aspires to create sustainable value for all its stakeholders and has set four non-financial targets as an integral part of its strategy.

### Net Promoter Score (NPS-c)[1]

(-100 to +100)




Customers are at the heart of a.s.r.'s purpose and its strategy is aimed at meeting their needs. a.s.r. measures how customers experience its services using the NPS-c. With the NPS-c, a.s.r. measures how employees interact with customers. The following question is asked: how likely are you to recommend a.s.r. to your family, friends and colleagues based on your experience with the a.s.r. employee? The NPS-c is measured separately for all business lines excluding Mortgages. The consolidated NPS-c is determined by the arithmetic mean of the scores of the business lines.

In 2021, at 49 (2020: 49), the NPS-c customer contact moments remained stable throughout the year. This confirms that a.s.r. is appreciated for the way it deals with its customers. The NPS-c per business line is shown in chapter 4.1 and in chapter 7.5.

### Carbon footprint investment and mortgages portfolio[1]

(in %)

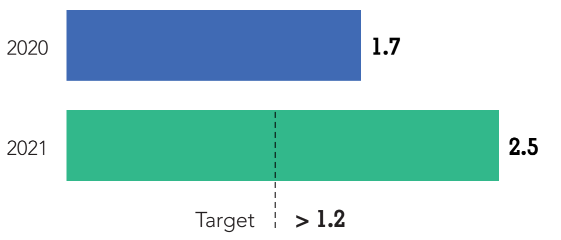

a.s.r. monitors the carbon footprint of its investments and has set a target to measure at least 95% of its entire investment portfolio for its own account by 2021. The carbon footprint is calculated in accordance with the methodology of the Partnership for Carbon Accounting Financials (PCAF) where applicable. a.s.r. actively contributes to the development of metrics for additional asset classes as well as for indirect investments. The percentage shown is calculated by dividing the value of the investments for which the carbon footprint is known by the value of the total investment portfolio for own account, which includes a.s.r. asset management (AVB), a.s.r. real estate (Real Estate) and a.s.r. mortgages (Mortgages).

1 This indicator has been part of reasonable assurance.

At the end of 2021 the percentage of the carbon footprint calculated of the entire investment portfolio for its own account was 96%, a substantial increase compared to last year and above target of 95% (2020: 93%). This increase is due to an improvement of the percentage calculated at AVB of 96% (2020: 92%) and Mortgages of 98% (2020: 96%). The percentage calculated for Real Estate decreased to 89% (2020: 94%) due to a new data supplier. In the coming years, the focus will be on further reducing carbon emissions as insights in the actual carbon emissions has been largely achieved.

**Impact investing**[1]

(for own account, in € billion)

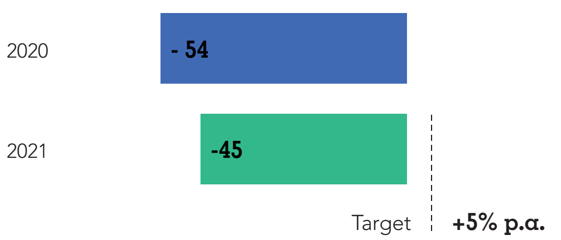



In 2018, a.s.r. set the target of increasing impact investments for its own account to a total of € 1.2 billion of impact investments in 2021. A definition of impact has been determined for every asset class, and special focus is given to themes such as energy transition, health and environment. These definitions are included in chapter 7.7.

The total amount of impact investing in 2021 increased substantially to € 2.5 billion (2020: € 1.7 billion), this is far above the target for 2021. This increase is due to the amount of impact investing at AVB, which was € 2.4 billion in 2021 (2020: € 1.6 billion), Real Estate at € 0.11 billion (2020: € 0.09 billion) and Mortgages at € 0.05 billion (2020: € 0.01 billion). The large increase of impact investing at AVB is due to a steady growth of impact investments over all asset classes and since the third quarter of 2021 the addition of the first impact investments within the structured credits investments. The increase of impact investing at Mortgages is due to an increasing number of sustainability linked mortgages products and services.

**Employee contribution to local society**[1]

(base year 2018, in %)



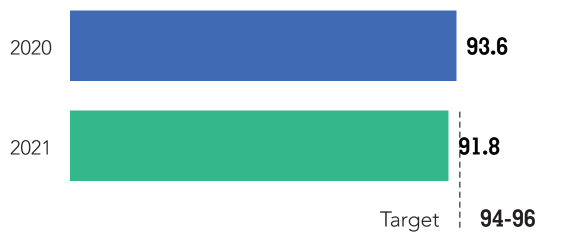

a.s.r. encourages its employees to support local society and communities by devoting part of their time to helping individuals and / or groups with financial difficulties on a voluntary basis. a.s.r. provides financial education courses for children, helps families to understand and improve their financial planning and assists communities in more general ways. a.s.r. aims for an annual growth of 5% of time spent by employees compared to the base year 2018 by participating in the activities of the a.s.r. foundation.

The COVID-19 measures have challenged the employees' voluntary efforts. a.s.r. put the health and safety of its employees and the people who needed help first. Due to the social distancing required by COVID-19, many of the planned activities could not take place. The hours spent by employees amounted to 5,571, which is 45% less than the target for 2021 (10,100 hours).

## Business targets 2019-2021

**Combined ratio P&C and Disability**

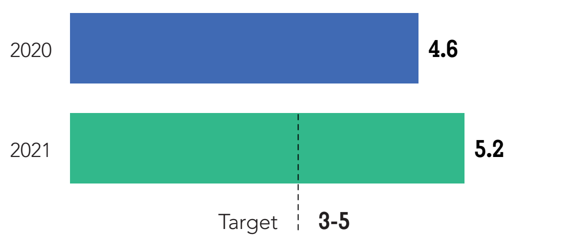
(in %)




In P&C and Disability combined, a.s.r. aims to achieve a COR in the range of 94-96%. This reflects a.s.r.'s leadership in managing these businesses profitably whilst remaining competitive. The range also allows a.s.r. to absorb a certain number of calamities, such as major fires and heavy storms. a.s.r. expected that in a year with an average number of storms and large claims, it could deliver a COR of < 96%. The COR for P&C and Disability combined amounted to 91.8% for 2021 (2020: 93.6%) and outperformed the target range of 94-96%. This improvement is mainly due to a decrease in the claims ratio. The claims ratio benefited from the COVID-19 impact (approximately -3%-points), this is more favourable than last year (2020: approximately -1%-point).

**GWP P&C and Disability annual organic growth**

(in %)




Reflecting a.s.r.'s ambition for profitable growth is its target GWP of growth for P&C and Disability combined. a.s.r. aims to grow this organically by 3-5% per annum while remaining within the targeted COR range. In pursuit of profitable growth, a.s.r. will not forfeit its key strategic

1 This indicator has been part of reasonable assurance.

principle of value over volume. The GWP growth for P&C and Disability amounted to 5.2% over 2021 (2020: 4.6%).

**Life operating result**

(in € million)


The operating result for the Life segment amounted to € 763 million in 2021 (2020: € 730 million), well in excess of the target. a.s.r. aims to keep its operating result in Life at least stable compared with 2017 levels for the period up to and including 2021.

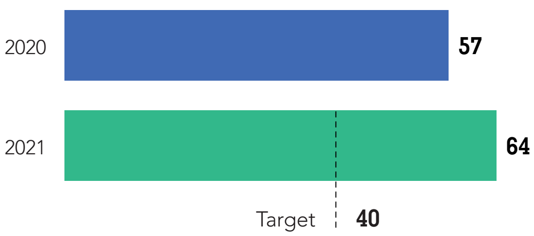
**Life operating expenses**

(in bps)


The operating expenses in relation to the basic life provision amounted to 45 basis points (bps) in 2021 (2020: 45 bps), within the stated target range. a.s.r. aims to decrease the Life operating expenses from 57 bps on its basic life provision in 2017 to within the range of 45-55 bps.

**Combined operating result fee based business**

(in € million)




a.s.r.'s fee-generating businesses in the segments Asset Management and Distribution and Services are growing in terms of absolute and relative contributions to operating results. a.s.r. aims to achieve more than € 40 million of operating result for the two segments combined and to increase its operating results by 5% per annum thereafter. The operating result of the fee-based businesses amounted to € 64 million in 2021 (2020: € 57 million).

## 2.5.2 **Strategic targets 2022-2024**

On 7 December 2021, a.s.r. held an IU to update the investment community on its strategy and also announced new targets for the 2022-2024 period. These targets are divided into group and business targets and financial and non-financial targets. The targets for operating ROE, COR, Non-life organic growth, Life operating result, Life operating expenses and fee-based business operating result will be impacted by IFRS 17 and a review is due in 2023.

### Group targets

A strong capital position remains very important to a.s.r. and it will therefore continue to target a Solvency II ratio safely above 160% (based on the standard formula). A strong capital position enables a.s.r. to deploy capital for entrepreneurial purposes, absorb certain financial shocks, pay cash dividends and offer an additional capital return via a share buyback programme (SBB) of at least € 100 million per annum. a.s.r. aims to execute an annual SBB if the Solvency II ratio is at least 175% and there are no inorganic growth opportunities or possibilities to further re-risk the investment portfolio.

a.s.r. has also set a cumulative target for OCC for the 2022-2024 period. It aims to achieve a cumulative OCC for the plan period of € 1.7-1.8 billion, a substantial increase compared with the previous target (target 2019-2021: € 500 million per annum).

As a rational and economical allocator of capital, a.s.r. has set a target range for the return on equity deployed in its businesses. A target range for Operating ROE is set at 12-14%, in line with the previous target.

a.s.r. had amended its dividend policy effectively as from 2022, offering its shareholders a progressive dividend going forward. This target on dividend is based on the full year 2021 dividend of at least € 2.42 per share.

a.s.r. closely monitors customer and advisor satisfaction by continuously measuring feedback, through the Net Promoter Score (NPS-r). The NPS-r score on a consolidated a.s.r. level is compared to the market average and peers. Driven by the ambition to be the best financial service provider, the target is to achieve an NPS-r higher than the market average by 2024. The NPS-r is an analysis of the customer relationship, this extends the previous methodology of the NPS-c which only measured customer satisfaction during contact moments.

a.s.r.'s target is to reduce the carbon footprint (scope 3) for internal assets under management by 65% by 2030, compared to 2015. This ambitious reduction applies to a.s.r.'s own investment portfolio and builds on the previous target to measure the carbon footprint for 95% of the investment portfolio. With this target, a.s.r. contributes substantially to the targets of the Paris Agreement for reducing global temperature increase to a maximum of 1.5°C.

Impact investments are investments that seek to generate positive, measurable, social and / or environmental impact in addition to financial returns. The target is to have at least € 4.5 billion of impact investments on the balance sheet by 2024. This is a substantial improvement on the previous target of € 1.2 billion in impact investments. This target applies to AVB, Real Estate and Mortgages together.

A high level of employee engagement is important to achieve the company's targets. a.s.r. wants to be an attractive employer and will make a positive contribution to reducing absenteeism. The target is to achieve an employee engagement score of over 85 in percentile (1-100)[1] each year until 2024 (base year 2020: 89).

a.s.r.'s sustainability reputation is important for a.s.r.'s strategy and positioning. Sustainability, transparency, reliability and corporate social responsibility are the four important underlying topics for the indicator for this target. This indicator reflects a.s.r.'s sustainability reputation among the Dutch population. The target is to increase to more than 40% by 2024 (base year 2020: 36%).

## Business targets

a.s.r. aims to continue its competitive and leadership position in managing the profitability in P&C and Disability. Based on its strong performance in recent years, a.s.r. has improved its target to achieve a COR in the range of 93-95%. The range also allows a.s.r. to absorb a certain number of calamities, such as major fires and heavy storms. a.s.r. expects that in a year with an average number of storms and large claims, it can deliver a COR of < 95%.

Reflecting a.s.r.'s continued ambition for profitable growth is its target of GWP growth for P&C and Disability combined. a.s.r. aims to grow this organically by 3-5% per annum while remaining within the targeted COR range. In pursuit of profitable growth, a.s.r. will not forfeit its key strategic principle of value over volume.

a.s.r. aims to keep its operating result in Life over € 700 million per annum for the period 2022-2024. In addition, a.s.r. has sharpened its ambitions on the Life operating expenses and aims to manage these within the range of 40-50 bps.

a.s.r.'s fee-generating businesses in the segments Asset Management and Distribution and Services are growing in terms of contributions to operating results. a.s.r. raises its target for the operating result of these fee-based business to more than € 80 million by 2024.

1 This target covers all employees of ASR Nederland N.V., including external employees, but excluding employees of subsidiaries.

# 2.6 **Material** topics

a.s.r.'s strategy is aimed at sustainable long-term value creation for all stakeholders. The determination of the material topics is based on a consultation of main stakeholders and on the definitions of materiality drawn up by GRI and IIRC. The main stakeholders of a.s.r., customers, employees, investors and society, as well as the consultation method, are described in chapter 7.9, with an explanation of how stakeholders are included in the determination of material topics for this Annual Report. The material topics for a.s.r. are presented in the table below, with a brief explanation of how a.s.r. has an impact on these topics, as well as their impact on a.s.r. (based on the double materiality perspective). All material topics included are deemed relevant based on the results of the materiality analysis, the topics are therefore not prioritised. The key perfomance indicators (KPIs), targets and results linked to the topic are also shown with a reference to the relevant Sustainable Development Goals (SDGs (for more information on the impact of a.s.r. on the SDGs, see chapter 2.7). The Executive Board (EB) and Supervisory Board (SB) are informed regularly on the progress on material topics, KPIs and targets, for more information see chapter 5.1.2.

## Connectivity

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| **Material topic** | **Meeting customer needs**<br>Customer satisfaction has an impact on customer relations and winning new customers and thereby on the financial performance of a.s.r. a.s.r. therefore aims for continual improvement of its products, services and processes in order to serve customers even better. a.s.r. does this in several ways, including making information and products accessible and transparent assessing the quality and suitability of a product in the PARP review process. a.s.r. is also investing in easily accessible IT platforms. In order to monitor a.s.r.'s performance and improve this where necessary, a.s.r. measures the NPS and uses the Customer Interests Dashboard of the Authority for the Financial Markets (AFM). |
| KPIs and targets 2021 | NPS-c: > 44<br>**Result:** 49 |
| Medium and long-term targets | NPS-r: > market average in the period 2022-2024<br>The target for 2023 is to have 90% of customers digitally activated |
| SDGs | - |
| Chapter reference | 2.5, 3.1 and 4.1 |
| **Material topic** | **Developing and promoting sustainable products / services**<br>a.s.r. offers various sustainable products and services in all its business lines, such as sustainable repair and the sustainability mortgage (Verduurzamingshypotheek). Offering sustainable products and services enables a.s.r. to contribute towards a sustainable, future-proof society. Furthermore, sustainable products and services increase the appeal of a.s.r. for the growing group of customers that regard sustainability as important. The Sustainable Insurance Policy states that sustainability considerations (such as potential impact on ESG topics) are integrated into the different phases of the product policy. |
| KPIs and targets 2021 | Increase of the percentage of sustainable repair to vehicles and fire damage of property to 60% and 20% respectively, of all repairs<br>**Result:** A monitoring dashboard was developed to measure progress on the target on sustainable repair. The first data was available in the fourth quarter. It is not possible yet to report 2021 percentages.<br>18% of new mortgage customers opt for a sustainability mortgage<br>**Result:** 13% |
| Medium and long-term targets | Increase of the percentage of sustainable repair to vehicles and fire damage to property to 85% and 50% respectively, of all repairs in 2025 |
| SDGs | 1, 3, 7, 8, 13 and 15 |
| Chapter reference | 3.1, 3.2, 3.6 and 4.1 |

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| **Material topic** | **Socially responsible investments**<br>Through its investment policy, an insurer has an impact on sustainability caused by companies in the investment portfolio. a.s.r. already decided in 2007 to invest in companies, industries and countries that contribute towards sustainability, on the basis of ethical and sustainability criteria. a.s.r.'s SRI policy includes a strict exclusion policy for controversial activities. As a result of this policy, a.s.r. is recognised as a sustainable investor by various benchmarks and analysts, leading to a greater appeal for ESG-oriented investors and customers that regard sustainability as important. |
| KPIs and targets 2021 | 100% compliant with a.s.r. SRI policy<br>**Result:** 100%<br>€ 1.2 billion impact investments (for own account)<br>**Result:** € 2.5 billion |
| Medium and long-term targets | 100% compliant with a.s.r. SRI policy<br>€ 4.5 billion impact investments (for own account) by 2024 |
| SDGs | 1, 7, 13 and 15 |
| Chapter reference | 2.5 and 3.2 |
| **Material topic** | **Mitigating and adapting to the consequences of climate change**<br>Financial institutions such as a.s.r. must increasingly take account of risks associated as a result of climate change, transition policy, technological developments and the transition to a climate-neutral economy. Via its investment portfolio, a.s.r. has a position in companies with a negative impact on climate change and has therefore set an ambitious reduction target. a.s.r. also has a role as a (co-)driver of the transition by making investments that enable the energy transition. a.s.r. also has a role to play in the energy transition as an insurer, by including sustainable elements in products and services of Non-life. |
| KPIs and targets 2021 | Carbon footprint: 95% of investment and mortgages portfolio (for own account) measured<br>**Result:** 96%<br>€ 1.2 billion impact investments (for own account)<br>**Result:** € 2.5 billion |
| Medium and long-term targets | Carbon footprint: 65% reduction own account investments in 2030 (compared to 2015)<br>Investment portfolio AVB and underwriting portfolio net zero in 2050<br>€ 4.5 billion impact investments (for own account) by 2024<br>Make 100% of P&C's insurance products as far as they are influenced by climate risks and opportunities, more resilient and enhance them with (more) sustainable covers in 2025 |
| SDGs | 7 and 13 |
| Chapter reference | 2.5, 2.7, 3.1, 3.2 and 4.5 |
| **Material topic** | **Robust financial framework**<br>Customers must be able to rely on a.s.r. being able to always meet its financial commitments. Financial solidity is essential and therefore has the highest priority. The financial position, including solvency, is continually monitored and reports on this are presented to the Executive Board (EB) and Supervisory Board (SB). |
| KPIs and targets 2021 | Solvency II ratio: safely above 160%<br>**Result:** 196%<br>Operating ROE: 12-14% per annum<br>**Result:** 16.3%<br>Dividend pay-out ratio: 45-55%<br>**Result:** 45%<br>OCC: > € 500 million<br>**Result:** € 594 million<br>Financial leverage: < 35%<br>**Result:** 24.8%<br>Rating S&P: Single A<br>**Result:** A |
| Medium and long-term targets | Targets for the period 2022-2024<br>Solvency II ratio: > 160%<br>OCC: € 1.7-1.8 billion cumulative for this period<br>Operating ROE: 12-14%<br>Dividend: progressive<br>SBB: ≥ € 100 million |
| SDG | 8 |
| Chapter reference | 2.5, 4.1 and 6 |

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| **Material topic** | **Contributing to financial self-reliance**<br>a.s.r. contributes to solidarity and makes risks manageable for customers. This provides peace of mind and gives them the confidence to take new steps in life. a.s.r. also aims to keep or make vulnerable target groups or specific risks insurable. a.s.r. encourages people to make conscious financial choices and a.s.r. thus actively contribute to preventing and resolving financial problems. a.s.r. does this by proactively offering a solution to customers with payment arrears, and by making an active contribution to financial fitness in society. This has a positive impact on both the customers of a.s.r. and on a.s.r. itself, for example through higher customer retention. |
| KPIs and targets 2021 | +5% employee contribution to local society per annum (base year 2018)<br>**Result:** -45% |
| Medium and long-term targets | 8,750 hours of voluntary employee contribution to local society in 2022<br>25,000 households supported with their current and / or future financial situation in 2025 |
| SDG | 1 |
| Chapter reference | 2.5.1, 2.7 and 3.6 |
| **Material topic** | **Supporting vitality**<br>Growing attention to health and vitality is partly driven by social trends and issues such as rising health care costs and the increase in the retirement age. COVID-19 has underscored the importance of a health care system that functions well. This has a direct impact on a.s.r. as a disability and health insurance provider. a.s.r. focuses on preventing illness, absenteeism or disability among customers and employees. a.s.r. achieves this, e.g. by offering a.s.r. Vitality and various health programmes aimed at exercise, sleeping well and stress prevention. |
| KPIs and targets 2021 | Number of a.s.r. Vitality subscribers: at least 75,000<br>**Result:** 79,462<br>Absenteeism rate: below 3.5%<br>**Result:** 3.7%<br>Nil absenteeism: up to 58% of total work force<br>**Result:** 63%<br>Number of new health programmes: 3<br>**Result:** 7 new programmes<br>Number of customers participating in health programmes: 10,000<br>**Result:** 18,980 participants |
| Medium and long-term targets | - |
| SDG | 3 |
| Chapter reference | 2.7, 3.1, 3.3 and 4.1.2 |
| **Material topic** | **Contributing to (sustainable) employability**<br>a.s.r. offers disability insurance for individuals and employers and aims for sustainable employability in order to avoid employee churn. Sustainable employability is the capacity of an employee to provide added value for an organisation, now and in the future, and thus to also experience added value themselves. Sustainable employability is also important for a.s.r. as an employer, and the target is therefore to fill as many vacancies as possible internally. |
| KPIs and targets 2021 | Number of a.s.r. Vitality subscribers: at least 75,000<br>**Result:** 79,462<br>Vacancies filled internally: at least 40%<br>**Result:** 50% |
| Medium and long-term targets | - |
| SDGs | 3 and 8 |
| Chapter reference | 2.7, 3.1, 3.3 and 4.1.2 |

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| **Material topic** | **Fostering diversity and inclusion**<br>a.s.r. is an insurer for people living and working in the Netherlands, with specific attention for (vulnerable) groups, within the limits of its risk appetite and financial targets. a.s.r. also has an impact on this topic as an employer. Via the Diversity policy, a.s.r. aims for a balanced composition of its workforce on the basis of gender, age, religious conviction, physical and mental abilities, background and orientation. Diversity among employees has a positive impact on a.s.r., because a.s.r. believes that differences make the company stronger and better. |
| KPIs and targets 2021 | At least one-third (33%) of the Supervisory Board, Executive Board and senior management (SM) to be female or male<br>**Result:** SB 40 / 60%, EB 33 / 67% and SM 25 / 75% |
| Medium and long-term targets | Top 25% in the Diversity and Inclusion module of Denison until 2024<br>Number of employees through the Participation desk: 70 in 2026 |
| SDG | 8 |
| Chapter reference | 2.7, 3.3, 3.6and 5.1 |
| **Material topic** | **Biodiversity and ecosystem services**<br>a.s.r. is dependent on biodiversity, partly because it invests in companies with a high or very high dependence on biodiversity. However, biodiversity is diminishing as a result of human actions, caused partly by companies in which a.s.r. invests, that are a.s.r. customer or to which a.s.r. leases land. Loss of species can also lead to a loss of ecosystem services, such as clean water supply, fertile soils and carbon storage, which a.s.r.'s customers and the companies in its investment portfolios use. a.s.r. has therefore signed the Finance for Biodiversity Pledge and is currently working to define the impact of the activities on biodiversity. The method for this is still in development. a.s.r. will determine the relevant KPIs and targets after assessing the impact. |
| KPIs and targets 2021 | - |
| Medium and long-term targets | In signing the Pledge, a.s.r. has set itself the goal of making an active contribution to:<br>- cooperation and sharing knowledge<br>- engaging with companies<br>- impact assessment<br>- formulating objectives<br>- reporting publicly on this no later than 2024 |
| SDG | 15 |
| Chapter reference | 2.7, 3.2, 4.2 and 4.5 |

# 2.7 Contribution to the **Sustainable Development Goals**

**Of the 17 SDGs, a.s.r. has chosen six. These are the goals to which a.s.r. can contribute with the most impact on the following stakeholder groups: customers, employees, investors and society.**

### SDG 1
End poverty in all its forms everywhere

a.s.r. believes it is important to contribute to the prevention and resolution of financial problems. a.s.r. does this by proactively offering a solution to customers with payment arrears, and by making an active contribution to the financial self-reliance in society.

By the end of 2025 a.s.r. will have supported 25,000 households to improve their current and / or future financial situation. This indicator consists of:

1. The number of customers or households with payment arrears or debts that a.s.r. has supported. To this end, a.s.r. has signed and complies with the Ethical Manifesto From Debts to Opportunities, and approaches customers with payment arrears in a timely manner to resolve their payment problems, in order to prevent larger financial problems.

2. The number of customers whose financial self-reliance has improved through the Ik denk vooruit platform. This platform helps customers to make conscious financial choices and contributes to a more self-reliant society.

In addition, a.s.r. supports people through the efforts of the a.s.r. foundation. Firstly, by teaching and supporting people in reading and arithmetic. Secondly, a.s.r. teaches people how best to deal with money issues and how to keep their financial records in order.

### SDG 3
Ensure healthy lives and promote well-being for all at all ages

a.s.r. offers health insurance to everyone who lives and works in the Netherlands. Through impact investments, a.s.r. also contributes to the development of new medicines. In addition, a.s.r. works to prevent illness, for example by helping customers and employees with health and vitality, by offering a.s.r. Vitality and various health programmes on exercise, sports and sleep. In 2021, 79,462 customers participated in a.s.r. Vitality and 18,980 customers in another health programme.

### SDG 7
Ensure access to affordable, reliable, sustainable and modern energy for all

a.s.r. wants to make a positive contribution to the energy transition and to combating climate change. a.s.r. does so in various ways, for example through the purchase of a part of the Prinses Ariane wind farm in the Netherlands. The a.s.r. owned part of this wind farm is comparable to the power supply of 114,000 households per year.

Another example are the 1,000 residential objects that have been made more sustainable in recent years, including investments in sustainable energy generation on site. In recent years, 12,000 solar panels have been installed on existing homes, shops and offices. a.s.r. also invests in sustainable new housing.

As a mortgage lender, a.s.r. offers the sustainability mortgage as a standard product with an a.s.r. mortgage. This lowers the threshold for customers to make their homes more sustainable. A lower interest rate applies to this mortgage. The money is available for two years and the customer does not have to pay interest on the part that is not used. In 2021, around 26% of new mortgage customers have added a sustainable component to their mortgage for making their homes more sustainable.

### SDG 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

As an employer, a.s.r. contributes to this goal, and stands for equal opportunities for everyone regardless of gender, age, religious conviction, physical and mental abilities, background and orientation. In 2021, the Diversity, equality and inclusion policy was developed and adopted.

a.s.r. has the following targets with regard to diversity, equality and inclusion:

- Promoting diversity in the composition of the workforce through inflow and advancement.
  - At least one-third (33%) of the Supervisory Board are women and at least one-third (33%) are men.
  - At least one-third (33%) of the Executive Board are women and at least one-third (33%) are men.
  - At least one-third (33%) of senior management are women and at least one-third (33%) are men.
- Participation of at least 70 people at a distance from the labour market by 2026 through the Participation desk.

a.s.r. stands for equal pay for work of equal value. HR conducts a statistical survey every year into equal pay. In order to ensure that a.s.r. offers equal opportunities to men and women and develops interventions to guarantee this and stimulates the new influx and growth of women in particular to ensure an equal ratio between men and women in all organisational layers.

Furthermore, every year a.s.r. carries out the Denison Organisational Success Survey. This scan identifies a number of cultural aspects that influence the success of a.s.r. In the Diversity and Inclusion module, a.s.r. measures the perception and progress of this issue. For the 2022 survey, a.s.r. aims to be among the top 25% of companies participating in this survey, in order to subsequently maintain this score in the following two years.

### SDG 13

Take urgent action to combat climate change and its impacts

The greatest impact on this goal is made by a.s.r. through its investments. Therefore, a.s.r. has included in its SRI policy criteria on the climate impact of the companies it invests in and has an exit strategy for its investments in fossil fuels.

In 2021, a.s.r. announced the target of reducing the carbon emissions of its own investment portfolio by 65% by 2030 (compared to 2015). a.s.r. is member of the Net Zero Asset Managers initiative, a global platform of asset managers committed to decarbonising their investment portfolios and thereby contributing to the realisation of the goals of the Paris Climate Agreement.

a.s.r. also has an impact on this SDG through its P&C insurance. a.s.r. was the first insurer in the Netherlands to expand its buildings and movable property insurance policies to include flood coverage. As a result, a.s.r. customers, both private and business, were automatically insured against damage caused by flooding due to the failure of a non-primary flood defence. In 2021, a.s.r. joined the Net-Zero Insurance Alliance to reduce $CO_2$ emissions in its insurance portfolio. In this partnership, several leading (re)insurers are working together to make their insurance portfolios climate-neutral by 2050. The focus is initially on the corporate non-life insurance portfolio.

### SDG 15

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Biodiversity is a theme that is particularly relevant at a.s.r., both positively and negatively, within the investment portfolio.

a.s.r. signed the Finance for Biodiversity Pledge in September 2020 and will develop biodiversity policies and targets and report on the positive and negative contributions to global biodiversity targets linked to a.s.r.'s investments by 2024 at the latest.

P&C and mortgages products can also make a positive contribution to the living environment by encouraging customers to greenify their homes and gardens, for example, and by giving customers the option of sustainable repair rather than replacement when they give notice of a claim.

# 3

# Sustainable value creation

## Vitality

There is growing attention for sustainable employability and vitality, prompted partly by social trends and challenges such as a later retirement age, rising healthcare costs and higher life expectancy. a.s.r. contributes towards the prevention of illness, reducing absenteeism and disability and the promotion of sustainable employability.

a.s.r. believes that through its business operations it can contribute to solving societal issues within its sphere of influence, taking sustainable value as the starting point. a.s.r. has to create as much positive impact as possible and wants to reduce its negative impact where possible. As a company, it is important to set an example to show that the society needs to become more sustainable. The purpose of a.s.r. is to help its customers to share risks and accumulate capital for later. In creating sustainable value, it is essential to maintain an ongoing dialogue with stakeholders concerning trends, developments and the strategy and activities of a.s.r. The key stakeholder groups of a.s.r. are customers, employees, investors and society.

**Delivering on sustainable value for all stakeholders**

### Customers

**Best financial service provider**
- Products and services that meet sustainability needs of clients
- Products and services with better than average market NPS
- Leveraging on strong franchise with intermediary channel
- Strong financial solidity

### Employees

**Most appreciated employer**
- Reliable employer with long-term continuity
- Focus on inclusion and diversity
- Sustainable employability and responsible remuneration

### Investors

**Long-term sustainable investment**
- Long-term value creation
- Strong track record in capital allocation
- Robust Solvency II position and ample financial flexibility

### Society

**Positive impact on society and environment**
- Financial self-reliance and inclusiveness
- Vitality and (sustainable) employability
- Climate change and energy transition

**Customers**
Customers expect to obtain good value for the premiums they pay. They need to be confident that their funds are being managed skilfully and in a socially responsible way, and that their rights are respected and protected by a.s.r. Customers must be able to rely on a.s.r. being able to meet its financial liabilities, now and in the future. a.s.r. is committed to a high level of customer service in its product offering in order to sustain successful customer relationships in the future. a.s.r. measures its customer satisfaction through NPS. a.s.r. distributes the majority of its products and services through independent advisors. They have broad knowledge of the insurance market, including products, prices and providers, and an acute sense of the needs of insurance purchasers. Their specific knowledge and experience with local markets and customers is valuable for a.s.r. and its customers. More information can be found in chapter 3.1.

**Employees**
Employees want a professional working environment where they can self-manage and make choices in their work and career and enhance their sustainable employability. They want good terms of employment, work that is enjoyable, a good work-life balance, attention for their health and wellbeing and an appreciation of the contribution they make. a.s.r. encourages and supports employees to professionally develop themselves with the aim of enhancing their opportunities on the internal and external labour market. Employees also want to be recognised for who they are and to feel included and at home. a.s.r. aims for a balanced workforce based on gender, age, religious conviction, physical and mental abilities, background and orientation. At a.s.r., jobs are weighted regardless of gender. Women and men with similar work experience, performance and potential receive equal pay. More information can be found in chapter 3.3.

**Investors**
Investors rely on a.s.r.'s management to devise and successfully execute the best strategy in order to maximise the value of the organisation. a.s.r. does so with a continued focus on value over volume, maintaining a strong cost discipline, only doing mergers and acquisitions (M&A) that fit well into the strategy of a.s.r. and maintaining a strong balance sheet and robust Solvency II ratio with manageable sensitivities and ample financial flexibility. Investors are also increasingly interested in the social relevance of the companies they invest in. It is important for them that a.s.r. represents the interests of all stakeholders in order to create long-term value and return on capital. More information can be found in chapter 3.2 and 3.5.

**Society**
Beyond the aforementioned stakeholders, a.s.r. has a range of other stakeholders to take into account when

doing business, including civil society organisations, government, tax authorities and regulators, trade unions, media, suppliers, academics, peers and business partners. Depending on the topic and type of relationship involved, expectations and interests may vary from responsible investments, complying with regulations, and supporting people with financial self-reliance and inclusiveness to constructive cooperation with business partners in different contexts. Overall, these diverse stakeholders expect a.s.r. to create sustainable and responsible societal value. More information can be found in chapter 3.4 and 3.6.

# 3.1 **Sustainable** insurer

**a.s.r. has the ambition to be a sustainable insurer, which essentially means creating long-term value. Customers must be able to rely on a.s.r. being able to meet its financial liabilities, now and in the future.**

**a.s.r. aims to continuously improve its processes in order to provide its customers with an even better service. a.s.r. develops sustainable products and services with long-term value, which offer solutions that align with the needs of its customers and help to solve societal challenges. a.s.r. also supports clients and advisors by actively sharing relevant content and practical guidance for damage prevention.**

**Customers**
(in million)

**>2.8**

a.s.r. helps customers to share risks and accumulate capital for later. a.s.r. serves over 2.8 million customers, via a network of about 5,900 advisors and through its own online channel. These advisors are independent financial advisors who advise their clients in the field of insurance, mortgages and pensions. Their specific knowledge of the local market is valuable for a.s.r. and its customers. Furthermore, a.s.r. has a relation with over 1,500 travel agents who advise clients in the field of travel and cancellation insurance.

**Raad van Doen**
The Raad van Doen is the client and advisor panel of a.s.r. and currently represents more than 5,000 customers of a.s.r., Ditzo, Ardanta and Loyalis. Both private and business customers, employers and employees. The Raad van Doen is asked for feedback on existing products and services, and is asked to think along with a.s.r. about new initiatives. The Raad van Doen not only contributes to better communication towards customers, but also to more involvement, better service and more motivated employees.

In 2021, the Raad van Doen participated in more than 50 researches about, among other things, a.s.r.'s employee pension portal WAVE, the digital customer environment and a.s.r.'s customer contact strategy. Researches not only take place via online surveys, but also regularly via one-on-one interviews, which means that employees are increasingly in direct contact with customers.

## 3.1.1 Sustainable products and services

a.s.r. aspires to make a positive contribution to improving the sustainability of society by continually working to create sustainable solutions. It does this with its investments, and also by developing products and services. In this way, a.s.r. intends to facilitate the transition to an inclusive, sustainable society and to minimise the negative impact of products and services.

In May 2021, the Executive Board established a Sustainable Insurance Policy that describes how a.s.r. integrates sustainability (or Environmental, Social and Governance (ESG)) matters into insurance processes. The policy sets frameworks for the application of sustainability criteria in underwriting and product development. See www.asrnl.com for the Sustainable Insurance Policy. The implementation of the policy was started in the second half of 2021.

**Underwriting**
Taking and assessing risks forms the core of the insurance business. Sustainability risks are included in the assessments that a.s.r. makes. Sustainability risks are risks for the environment, social issues and good governance, abbreviated as ESG risks.

The ESG risk inventory is supplemental to a.s.r.'s Customer Due Diligence (CDD) policy in which integrity risks are identified, analysed and assessed. According to this policy, a.s.r. will not enter into a relationship, or terminate such relationship, with customers and suppliers that carry one or more of the following unacceptable risks:

## **Net-Zero** Insurance Alliance

a.s.r. has signed the Net-Zero Insurance Alliance (NZIA) in December 2021, aiming to achieve a carbon neutral insurance portfolio by 2050.

The UN-convened NZIA brings together the world's leading insurers and reinsurers to play their part in accelerating the transition to net zero emissions economies. They are committing to individually transition their underwriting portfolios to net zero greenhouse gas (GHG) emissions by 2050, consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.

As risk managers, insurers and investors, the insurance industry has a key role in supporting the transition to a net zero economy. NZIA members will individually set science-based intermediate targets every five years and independently report on their progress publicly on an annual basis. The alliance is working with the PCAF on developing a global standard for measuring and disclosing insured greenhouse gas emissions. This will result in the NZIA target-setting protocol, foreseen to be launched in 2023. The first individual intermediate targets of a.s.r. will be published within six months of the publication of the NZIA target-setting protocol.

- Customers with a non-transparent organisational structure (especially if the structure has been set up to avoid / evade taxes).
- Customers who have a non-transparent (shareholder) structure or customers who do not wish to disclose their ultimate beneficial owner (the UBO). The true identity of the customer (and of the ultimate beneficial owner) must be known and transparent.
- Customers suspected of involvement in a criminal organisation or activities.
- Customers who wish to remain anonymous or provide false identity information / identification.
- Customers who refuse to provide the legally required information documents.
- Customers who are on sanction lists or who have failed an EVA, IVA, FISH, SFH or other integrity test.
- Customers about whom there are signals that they may be linked to money laundering, terrorist financing, fraud, tax evasion, greenwashing, a criminal organisation or criminal activities or other conduct and aspects that could jeopardise the integrity and good reputation of a.s.r.

a.s.r.'s policy also stipulates that a.s.r. does not enter into or continue a relationship with customers who are associated with:
- money laundering
- (financing of) terrorism
- human trafficking
- the sex industry, including prostitution
- the drug industry, including the production and sale of drugs and soft drugs (including coffee shops, grow shops, shisha lounges and shops)
- unregulated games of chance / gambling industry
- trade in ivory or exotic animals and fur farms
- callshops
- arms trade

If a company has no integrity risks, the additional risk inventory in relation to ESG risks will be conducted. This is taken into account in the underwriting process. An ESG risk inventory is triggered when a company is known for serious or repeated violations of the principles of the UN Global Compact (concerning human rights, labour rights, the environment and anti-corruption) or when it is active in one of the following sensitive sectors:
- arms industry
- gambling industry
- tobacco industry
- fossil or nuclear energy industry
- animal intensive or animal testing industry
- fisheries

**ESG risk assessments**
(in number conducted)

**3**

In 2021, three ESG risk assessments were conducted; a limited number, as the policy was not established until mid-2021 and the implementation is ongoing. a.s.r. expects to conduct more risk assessments in 2022.

Several times a year, a.s.r. holds knowledge sessions in which underwriters discuss technical insurance topics such as ESG risks in more depth. The discussions cover dilemmas, difficult cases, high-impact cases and societal developments. a.s.r. organised one session for underwriters in 2021 and plans to organise more sessions in 2022.

In the case of extensive ESG risks or multiple ESG risks, the sales representative or underwriter will escalate the risk assessment to the Underwriting Team, consisting of employees from varying backgrounds. The Underwriting Team discusses the case and can decide to reject a customer on the basis of ESG risks or to accept the customer subject to conditions (such as agreements on the mitigation of the ESG risks). In 2021, this process took place on one occasion. If the Underwriting Team does not reach an agreement, the case is escalated to the managing director of the relevant business line.

a.s.r. remains in contact with customers after acceptance. During the business relationship, a.s.r. checks regularly (or even continually, in the case of high risks) whether the customer still complies with the CDD risk profile and the transaction pattern is in line with expectations. In addition to these tests, a.s.r. regularly conducts dialogues with customers on sustainable business in general and avoiding ESG risks in particular. a.s.r. also plans to hold regular meetings for advisors, focusing on knowledge transfer and raising awareness of ESG risks and opportunities. In 2021, a.s.r. organised two online knowledge sessions for advisors, specifically focusing on climate risks.

### Sustainability in products and services

With its ambition to continually contribute more towards a sustainable society, a.s.r. continually develops new sustainable products and services. Examples of a.s.r.'s existing sustainable products and services are shown at the end of this chapter. Sustainability is also reflected in the different elements of the product policy:

*1. The process relating to product development and redevelopment*

Before a newly developed or redeveloped insurance product and / or service can be offered in the market, testing takes place. Development and testing takes place via the Product Approval & Review Process (PARP), see also chapter 3.1.2. Within PARP, testing takes place for a number of criteria. Two types of criteria relate to sustainability: customer interest and social interest.

*Customer interest*

a.s.r. applies the following test criteria for products and services:
- Cost-efficient: An insurance policy is cost-efficient if it offers good value for money from the perspective of the intended target group of customers.
- Useful: Useful insurance is insurance that meets the needs of the intended target group of customers in an appropriate way.
- Safe: An insurance policy is safe if it offers what is promised and the consequences that the insurance may have are acceptable to the target group.
- Comprehensible: Comprehensible insurance is insurance of which the target group can properly assess the quality and appropriateness.
- Ethical use of data: The use of data has been tested against the Ethical Framework for Data-driven Applications and Decision-making.

*Societal interest*

a.s.r. also tests the extent to which products and services have a positive or negative impact on ESG themes. This additional test was developed in 2021 and implementation began in the fourth quarter of this year.

Product development teams are required to think about potential ESG impact and specifically state how the product can have a positive or negative impact on relevant ESG themes and how such negative impact can be mitigated.
In the PARP Board, further questions are raised on the identified ESG impacts. The board takes the answers into account in the acceptance decision. The board members have the knowledge and expertise to be able to assess the ESG risks and opportunities.

*2. The pricing of products and services*
Within the frameworks of the regular pricing policy, a.s.r. focuses on making products sustainably insurable and affordable. In this way, a.s.r. helps customers to become more sustainable.

*3. The execution of products and services*
a.s.r. aims to operate as sustainable as possible. Inspections take place online as far as possible and paper post is avoided to the extent possible. With data-driven applications, a.s.r. applies an ethical framework adopted as binding self-regulation from the Dutch Verbond van Verzekeraars (Association of Insurers) .

The target is to ensure that data-intensive core processes, products, services and applications that affect the customer take account of ethical criteria, such as customer autonomy and privacy, the prevention of exclusion and discrimination and stimulation of the insurability of vulnerable groups or socially relevant activities in society.

**Examples of sustainable products and services**
a.s.r. develops products and services that contribute towards solving social issues, focusing on the three key themes with which it has the greatest social impact:

## Financial self-reliance and inclusiveness

a.s.r. helps people to make conscious financial choices, to avoid falling into debt or to recover from this, e.g. with:
- The Ik denk Vooruit platform to help customers make conscious financial choices now and in the future and contribute towards a financially healthier society.
- First-time buyers mortgage, which give first-time buyers in the housing market more time (up to 40 years) to repay their mortgages and keep their living costs more affordable.
- Funeral insurance for vulnerable people under guardianship (e.g. people with mental handicaps), so that they can contract funeral insurance without barriers and health questions.

## Vitality and (sustainable) employability

a.s.r. aims to prevent illness, absences and disability in order to stimulate sustainable employability, e.g. with:
- a.s.r. Vitality: encouraging customers to make healthier choices, including through cash back on premiums paid.
- Avoiding longer absences from work with the Doorgaan proposition.
- Langer Mee AOV for physically demanding occupations.

## Climate change and the energy transition

a.s.r. aims to help customers protect themselves against the risks of extreme weather and to support them in (further) improving sustainability, e.g. through:
- Sustainable damage repair through a network of certified repair businesses.
- Sustainability mortgages.
- The option of insuring sustainable roofing and facades.
- Customers with commercial or private fire insurance are insured against secondary flooding damage.
- Attractive products and rates for electric vehicles and vessels.
- Additional claims payments for adjustments that must be made in accordance with new sustainability standards. An example is installing double glazing as replacement of the original single glazing.

## 3.1.2 **Product Approval & Review Process**

The Product Approval & Review Process (PARP) is one of the internal processes for assessing the quality of products and services and their relevance for the target market. The objective of this process is to ensure that the interests of customers are taken into account in a balanced way in the development of new products and the review of existing products. It encourages continual improvement on the basis of feedback from customers and advisors, social developments, current circumstances such as COVID-19 and changes in legislation and regulations. The PARP applies to products that a.s.r. actively offers, as well as to inactive products and services that are regularly revised. In accordance with the assessment framework of the AFM and in line with legislation and regulations, a.s.r. set up the PARP tests, which relate to matters including cost efficiency, usability, safety and transparency.

The PARP assesses the cost-efficiency and usability of a product and / or service for the customer: to what extent does the product respond to a realistic need of the target group and does it have sufficient added value? The safety test concerns the outcome for the target group, which must be justifiable and acceptable in different scenarios. The transparency test is used to check whether the target group can properly assess the use of a product on the basis of the information that the customer receives from a.s.r. The comprehensibility test involves testing for comparability, the completeness of the information provided and / or whether product features are clearly defined.

In the PARP process, Risk Management, Legal Affairs, Compliance and the Actuarial Function (AF) all assess all product-related financial and non-financial risks for a.s.r.

In 2021, the PARP Committee assessed 1 new proposition (2020: 2), 9 product adjustments (2020: 8) and 15 reviews (2020: 11) of existing products (including packages such as the Voordeelpakket). An example of approval by the PARP Committee is the WGA Top-up Plus insurance. Active products are reviewed every three years.

## 3.1.3 **IT and the digital strategy**

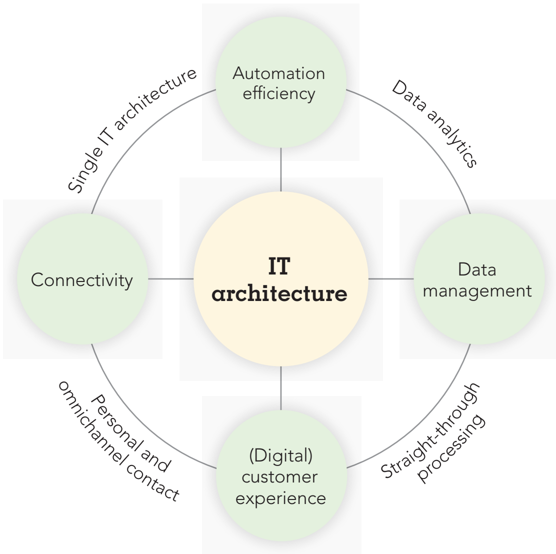
**New customer accounts in 2021**
(in 1,000)

**>150**

In recent years, a.s.r. focused on rationalising and replacing outdated back office systems. The consolidation of the back office systems of Life and Property & Casualty (P&C) has now been completed. a.s.r. has thereby stabilised the IT landscape, reduced costs and increased flexibility in those domains. a.s.r. is also investing in the consolidation of systems in the coming years, in particular in Disability and Pensions, and will accelerate robotisation to improve the efficiency of business processes. A low code platform (a modern software platform that is more efficient than traditional platforms by reducing code) will be deployed to increase productivity in software development in-house, as a supplement to purchased applications.

**Digitalisation & automation**

Digital service commission is becoming increasingly important for a.s.r. In 2020, a.s.r. started the implementation of the Digital Agenda, a digital strategy aimed at substantially improving the customer experience. Multidisciplinary teams are working on the development of new digital solutions with the aim to improve customer satisfaction and better service commission for advisors. Digitalisation and automation drives efficiency and increases the customer experience. The Digital Agenda has four main focal points.




One of the key themes is data management, both for the improvement of service commission to customers and for sound (financial) analyses a.s.r. is cautiously exploring with the use of Artificial Intelligence (AI), applying the Ethical Framework Data Applications of the Verbond van Verzekeraars.

Digital customer activation and continuous improvement of the digital user experience of the secured customer portals are an important aspect in improving a.s.r.'s customer service. In 2021, more than 150,000 customers created accounts for the personal environment of their P&C, life or disability insurance. The target for 2023 is to have 90% of customers digitally activated. Through increased use of these environments, a.s.r. learns a great deal about the user experience and on this basis, implements further improvements. The further development of customer portals is a key part of the digital strategy. The Ik denk vooruit platform which was launched in 2021, provides customers with an insight into their income for later and enables them to simply open investment accounts.

A single a.s.r. IT architecture supports the programme and provides for consistent and uniform service commission for customers and advisors. The creation of an omni-channel landscape and the set-up of modern data and web cloud architecture form the technical basis for the Digital Agenda.

The IT infrastructure is also being upgraded further for the realisation of the digital strategy. The cloud is increasingly the platform for front office applications and for supporting the demanding calculation processes for financial analyses and reporting.

On the business side, the programme focuses on saving costs for both a.s.r. and advisors. a.s.r. also aims to reduce its ecological footprint by limiting the use of paper, a target has been set to reduce paper use (pages printed) with 90% in 2023 compared to 2020 (24,337,203 pages printed). In 2021 a.s.r. achieved a 23% reduction.

**IT risks & cyber security**
a.s.r. sets high demands for demonstrable control of IT risks. In 2021, close attention was devoted to third party risk at suppliers. a.s.r. received an ISAE 3000 type II statement for the service commission of the central IT department to the various business lines for the first time in 2020 and continued this in 2021.

Increasing resilience to cybercrime remains an important point of attention. a.s.r. actively participates in i-CERT, a joint insurers' initiative for timely identification of threats. In order to test whether the measures are adequate, a.s.r. regularly conducts ethical hacking tests. The lessons from these are addressed with top priority in a continuous security improvement programme. However, technology does not solve everything. a.s.r. regularly draws the attention of employees to cyber risks, with phishing and social engineering campaigns, in order to ensure that employees are continually aware of the risks and to refer them to agreements on safe behaviour. The subject of cyber security is permanently on the EB agenda. There have been no significant cyber security incidents in 2021.

## 3.1.4 **Prevention of payment problems**

a.s.r. makes considerable efforts to ensure that customers are financially self-reliant. This is consistent with its core values. a.s.r. aims to reduce the number of customer cancellations due to payment arrears and problems. It also works to reduce situations in which customers face cost-increasing measures. The aim in all cases is to avoid default.

**Customer score for complaints management**

(scale 1-10)

**8.4**

**2020: 8.4**

a.s.r. has implemented the Protocol bij betalingsachterstanden (Payment Arrears Protocol) of the Verbond van Verzekeraars. Within a.s.r., it is a criterion for dealing with customers. A working group shares relevant market information and exchanges examples of successful business practices. This results in better coordination of customer processes and also enables a.s.r. to provide better customer service.

For some years already, a.s.r. has been a member of a group of companies united in the Schuldeiserscoalitie (Creditors Coalition) that proactively works to find solutions for customers with payment arrears. Through the membership of this coalition, a.s.r. shares experiences and learns from the experience of companies in other sectors.

a.s.r. has contracted a membership agreement with the Nederlandse Schuldhulproute (Dutch Debt Assistance Route (NSR)). The NSR is working on a central debt assistance route via various activities. One of these activities is Geldfit.nl, which focuses on effective referral (also a point for attention in the protocol). At P&C and Disability, a pilot project was launched in which customers could be referred to Geldfit.nl. This website gives people insight into their financial situation through a simple online test. The anonymous test offers people targeted help in getting or keeping their finances in order, from debt prevention to debt assistance. Geldfit.nl is a national initiative in which people are offered help at a local level. During the pilot period, about 500 a.s.r. customers were referred to Geldfit.nl. At the end of 2021 a.s.r. agreed with the NSR that Geldfit.nl will be further implemented within a.s.r.

Measures taken to help customers avoid or solve payment problems included:
- Funeral increasingly manages payments arrears itself, e.g. through greater control of assignments given to collection agencies and by calling customers who do not agree with a direct debit (reverse entry) on a daily basis.
- Disability employees followed a telephone training giving them additional guidelines for making money problems open to discussion in meetings with customers.
- After a third warning, Disability always contacts the advisor again before sending a dossier to a collection agency, with the aim of helping the customers themselves as far as possible.

These measures are part of the special protocols for collection procedures, aimed to reduce situations in which customers face cost-increasing measures. a.s.r. always tries to keep an eye on the customer's situation.

## 3.1.5 **Complaints management**

a.s.r. takes the view that complaints handling requires specific knowledge and skills. The Complaints Management Team monitors the implementation of a.s.r.'s complaints policy and manages the complaints scheme. Complaints handling itself is decentralised within the organisation. Core principles and targets of complaints management are:
- a.s.r. is open to complaints, making it easy for customers to submit a complaint.
- a.s.r. communicates its views and the resolution of the complaint in a comprehensible manner.
- a.s.r. wants to learn from complaints.

Complaints officers keep their knowledge and skills up to date through continuous education. This means that they must regularly earn points with training courses. Customers give a.s.r.'s complaints management and its complaints officers an average score of 8.4 on a scale of 10 for the second year in a row (2020: 8.4).

The complaints settled figures show the number of accepted / rejected complaints. Accepted complaints are those that are considered partially or fully justified. These include accepted complaints concerning advisors, where a.s.r. acts as mediator. Rejected complaints are those that a.s.r. considers unjustified, i.e. it does not accept the customer's argument and / or it regards the arguments as unfounded. The latter are addressed to a.s.r., but are not intended for it.

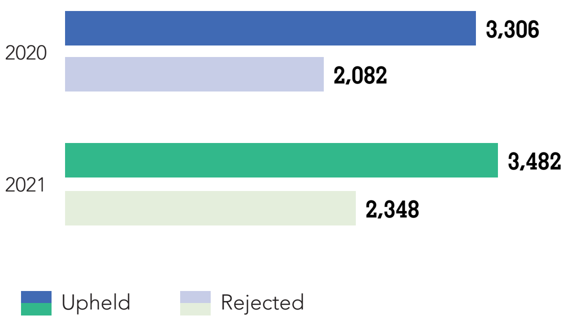
At the end of last year, the focus of the digital strategy shifted to customer complaints. A large proportion of customer complaints are service and performance complaints, especially on failure to keep agreements. This has been further researched and many tips have been received from employees. As a follow-up all business lines have formulated action plans and objectives with the aim of reducing customer complaints. Including the aim of a 49% reduction of service and performance complaints for the end of the second quarter of 2022.

Unfortunately, sometimes things go wrong. For example, in October 2020, a customer reported to a.s.r. that his pension statement showed a stranger as his partner. He wondered how this was possible and requested an amended overview. Because he did not receive the overview, he filed a complaint via the website in January 2021. An investigation brought to light that a different person's name appeared wrongly on the pension statement . A human error, which was immediately corrected. a.s.r. called the customer to apologise and explain the cause, and a.s.r. sent him a bouquet of flowers and, of course, a new, correct pension statement.

Sustainability is reflected in the complaints that a.s.r. receives. Growing numbers of customers regard this theme as important and consciously opt for a sustainable insurer. a.s.r. can only welcome the fact that customers also express criticisms in that regard and uses this to realise further improvements in this theme.

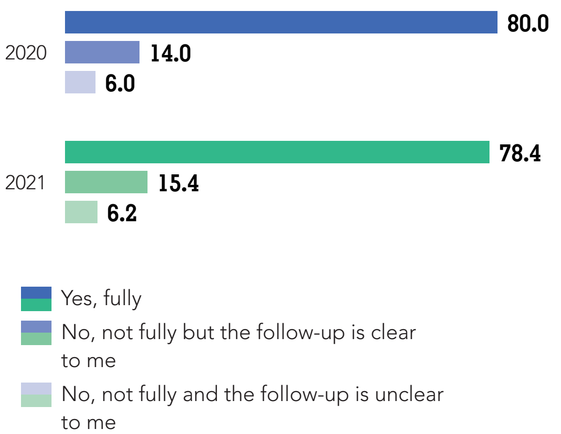
**Complaints settled**

(in numbers)




**Complaints handled**

One of the questions is whether the complaint has been settled in the customers opinion (in %)




More detailed information about customers can be found in chapter 7.5.

# In Motion

The world is constantly changing. It is therefore important that a.s.r. and its employees are and remain in motion, too. Through In Motion, a.s.r. inspires, motivates and mobilises employees to get the best out of themselves, thereby contributing to a healthy organisation. In Motion's constantly changing range is based on four pillars:

- My personal development (personal and professional growth)
- My health (for physical and mental fitness in a healthy work environment)
- My work-life balance (a good balance in every phase of life)
- My social commitment (helping by doing)

For example, Latifa Amsallam (see photo on the right), a non-life underwriter, trained to be a driving instructor, Gert Kats is a training actor in addition to his job as non-life desk account manager, and HR manager Annette Pannekoek supports young ambitious women of the Young Lady Business Academy in their choices during or after their studies.

# 3.2 Sustainable investor

**a.s.r. takes ownership of its social responsibility as an institutional investor. a.s.r. considers it important to play a significant role in making society more sustainable. It does this partly through the use of ethical and sustainability criteria in its Socially Responsible Investment (SRI) policy.**

## 3.2.1 a.s.r. asset management

a.s.r.'s SRI policy covers all its investments, both for proprietary assets (or own account) and those managed on behalf of third party clients. Over the years, a.s.r. has expanded its efforts from its original focus on exclusions to making a positive contribution to a more sustainable world.

During 2021 a.s.r. announced intensified targets regarding the investment portfolio. The new target is to reduce the carbon footprint (scope 3) for internal assets under management by 65% by 2030, compared to 2015. A new exit and phase out strategy with respect to the investments in fossil fuels was announced. This has led to an immediate zero tolerance for companies deriving revenue from the mining and production of thermal coal. Also companies involved in unconventional oil and gas will be drastically reduced (threshold < 5% of revenues). For companies in conventional oil and gas and other carbon-intensive companies a.s.r. will determine whether the strategies and targets of these companies are in line with the goals of the Paris Agreement. a.s.r. does so by using a combination of tools to assess companies' climate targets, emissions and climate strategy. A regular update of a.s.r.'s efforts can be found in the quarterly ESG reports, see www.asrnl.com.

a.s.r. asset management (AVB) uses external data providers (Vigeo Eiris, part of Moody's ESG and MSCI ESG) to screen its investments against a.s.r.'s SRI policy (see www.asrnl.com) which focuses on a wide range of ESG criteria such as climate change, human rights, biodiversity and executive remuneration. Countries and businesses that do not meet the criteria are excluded.

a.s.r. also assesses businesses on their compliance with international conventions such as the Organisation for Economic Co-operation and Development (OECD) guidelines, the UN Guiding Principles on Business and Human Rights (UNGPs) and the UN Global Compact principles (UNGC).

**SRI policy compliance**
(in %)

**100**

**2020: 100**

### 100% compliance with own SRI policy

a.s.r. safeguards the full compliance of its SRI policy using a three-step process: internal teams' implementation (investment departments), compliance process (risk department) and an independent external assurance (by Forum Ethibel). a.s.r. will also adhere to this target in respect of acquisitions and mergers.

### Sustainable and responsible investing

a.s.r. understands the importance of, and the responsibility expected from, its role as an investor, both as asset owner and asset manager. Sustainability is an essential part of a.s.r.'s investment beliefs. The integration of ESG criteria in the management of investments contributes directly to the reduction of risks (both financial and reputational) and has a positive effect on its long-term performance. The SRI policy has been integrated into internal investment practice through:

- **ESG integration for best-in-class investments based on positive selection**
  Positive selection is part of a.s.r.'s investment process for companies based on ESG practices and products. Based on research carried out by its data providers, companies are classified using a relative, sector-based ranking for ESG themes such as: environment, labour practices, good governance, human rights and (forward-looking) carbon data, among other criteria. For a detailed description of these criteria see www.asrnl.com. For sovereign bonds, a.s.r. applies a best-in-class selection of countries based on their SDG performance. This is in line with the SDG country ranking published by the SDG Index: the weighted average score of the a.s.r. sovereign portfolio is ranked in the first quartile (best-in-class) of the SDG Index; this position in the first quartile should be continuous.

- **Exclusion criteria for countries and companies**
  a.s.r. pursues a strict exclusion policy for controversial activities which it applies to all internally managed portfolios, both for its own account and for third parties. In 2021, the threshold for revenue from electricity production from coal has been lowered from 50% to 20%, resulting in the exclusion of 27 additional companies from the investable universe. In 2021 a.s.r. implemented an exit and phase out strategy with respect to the investments in fossil fuels. Related to unconventional oil and gas this has led to an additional exclusion of more than 70 companies. The complete exclusion of thermal coal led to 90 more exclusions. With regard to investments in sovereign debt, a.s.r. has excluded 82 countries that are poor performers in the annual Freedom in the World report, or which achieve a low ranking on the Corruption Perceptions Index or the Environmental SDGs. See the following table for the number of excluded companies.

**Screened companies excluded due to**

| In numbers | 2021 | 2020 |
|---|---|---|
| Human rights violations | 4 | 7 |
| Labour rights violations | - | 2 |
| Environmental violations | 10 | 8 |
| Armaments | 118 | 124 |
| Tobacco | 18 | 19 |
| Gambling | 54 | 52 |
| Coal-mining | 90 | 8 |
| Tar sands and shale oil[1] | - | 8 |
| Coal-fired electricity generation | 38 | 11 |
| Nuclear energy-related activities | 11 | 10 |
| Unconventional oil and gas | 72 | NA |
| **Total number of exclusions[2]** | **415** | **249** |

**Active engagement dialogues**
(in numbers)

**34**

**2020: 29**

## Engagement

In 2021, a.s.r. continued increasing its engagement efforts to actively promote higher sustainability practices. The complete list of companies under engagement and their status is published on www.asrnl.com, including the reason and status of the engagement.

### Active engagement dialogues: at least 30 engagement projects per year

a.s.r. is actively engaged with a total of 34 companies (2020: 29). a.s.r. engages with companies that have either shown controversial behaviour (e.g. UNGC violations) or are controversial in another way (e.g. as a result of societal discussions). Sustainability is a standard topic on a.s.r.'s agenda at meetings with companies from its investment portfolio, for monitoring purposes. a.s.r. engages with governments, societal organisations and peers through different platforms such as the International Responsible Business Conduct (IRBC) agreements.

A few examples of engagements in 2021:

a.s.r. participated in a joint programme around deforestation where satellite imagery is used to highlight changes in vegetation cover associated with plantation expansions or forest fires. These deforestation activities take place in the supply chains of soft commodities like palm oil. The first phase of the engagement programme ran from August 2020 until early 2021, and subsequently won the ESG engagement initiative of the year at the 2021 Environmental Finance Awards. The second phase started last year, where the number of investors participating expanded, but also the number of companies under engagement has doubled.

Within the IRBC agreement the focus of 2021 was biodiversity. a.s.r. started an engagement with three companies on no-deforestation in the soy supply chain and the protein transition towards more plant-based foods. This was a unique cooperation with insurers, pension funds, NGOs and the Dutch government.

Other examples include Tesla (engagement on cobalt mining and human rights), ENI SpA (environment and human rights) and Johnson and Johnson (COVID-19, medicines and labour rights).

a.s.r. additionally continued to contribute to the development of a global carbon accounting standard through PCAF and in 2021 was an active member of five working groups operated by the Dutch PCAF organisation. In 2021, a.s.r. continued its active involvement in the Biodiversity Working Group under the Sustainable Finance Platform of De Nederlandsche Bank (Dutch Central Bank (DNB)).

Due to the importance of engagement, a.s.r. began a new partnership with engagement providers in order to reach out to more companies in an efficient way, by pulling a.s.r. assets next to a sizeable number of like-minded investors.

## Impact investing

In 2021, a.s.r. further increased its impact investments among all asset classes. It also finalised a pilot with fintech company Util to measure the net societal impact of selected investment portfolios. a.s.r. also continued its board position within the National Advisory Board for impact investing (NAB). See for the performance on the current target chapter 2.5.1 and for a.s.r.'s renewed target on impact investing see chapter 2.5.2.

## Voting policy

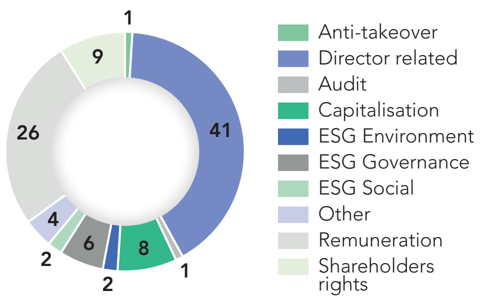
A shareholders' right to vote is essential for the proper functioning of a corporate governance system. a.s.r. exercises this right whenever relevant. a.s.r.'s voting policy was developed in accordance with the Dutch Corporate Governance Code and a.s.r.'s own SRI policy. This policy is applicable to all internally managed listed equities. In 2021, a.s.r. voted at nearly 94.58% of the shareholder meetings held. Of the 1,065 shareholder meetings, 431 had at least one vote Against, Withheld or Abstained from. 302 of the 1,157 proposals voted against addressed remuneration for the EB or SB and 473 meetings had one or more votes against appointments. The voting accountability report provides a quarterly review of how a.s.r. exercised its voting rights at shareholder meetings.

1 In 2021 a.s.r. expanded its fossil fuels exclusion policy. The category 'unconventional oil and gas' replaces 'tar sands and shale oil'. Unconventional oil and gas includes tar / oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane as well as Arctic onshore / offshore.
2 Includes doublecounts due to the fact that some companies are excluded on more than one criteria.

Regarding ESG topics, the majority of the environmental topics related to initiatives to implement or improve transparency on the climate reporting. Diversity and inclusion was the most common topic of the social topics. Regarding governance topics, most voting proposals related to the independence of the Board. The voting policy and voting reports are available on www.asrnl.com.

**Votes against management in 2021**

(in %)




## Externally managed assets

The external providers' SRI policy is a key criterion in the selection of external managers. a.s.r. also engages with its external managers to enhance their SRI policy, implementation and transparency. In 2021, a.s.r. actively engaged with new and existing managers, such as BlackRock or Northern Trust, to sharpen the ESG products. a.s.r. receives frequent sustainability reporting from its external managers and, where possible, requests impact metrics in addition to the sustainability reporting.

## Climate change and energy transition

a.s.r. has integrated climate change and energy transition into its Strategic Asset Allocation (SAA) as an explicit theme since 2016 and has also taken measures to implement its commitment across the investment portfolio. a.s.r. has analysed and identified risks for the investment portfolio in its SAA, both bottom-up – covering the consideration of stranded assets and changing business models in the mining and energy sectors – and top-down. In 2021, a.s.r. again acquired updated data from Ortec Finance to incorporate climate scenarios into the SAA. These scenarios served as input for the reporting on climate risks and opportunities, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD); see chapter 4.5 and the Climate report 2021 for more details.

## External recognition

In 2021, a.s.r.'s SRI policy was recognised by a number of external parties:

- a.s.r. was awarded a top three position in the Dutch Insurers Benchmark by the Dutch Association of Investors for Sustainable Development (VBDO).
- The SRI policy was awarded the highest score by the UN Principles for Responsible Investments (UN PRI) assessment, achieving the same or better than the sector average in all areas, with the highest possible score of A+ for its strategy and governance and the ESG management of its equity investments.

# a.s.r. and **Science-Based targets**

Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered science-based if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels and a net zero future.

The financial sector is key to unlocking the system-wide change needed to reach net zero. The central enabling role of finance is recognised in Article 2.1(c) of the Paris Agreement: 'Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development'. a.s.r. is committed to reaching a state of net zero before 2050.

The Science-Based Targets initiative (SBTi) has developed a guidance tool aimed at helping financial institutions in their efforts to provide resources, including methods, criteria and tooling for science-based target-setting (2021). a.s.r. has been involved in the development and road-testing of this new uniform methodology by SBTi. Another approach to defining a science-based reduction path is, for example, following the EU Climate Transition Benchmark and Paris-Aligned Benchmarks.

Although initial guidance has now been developed for science-based target-setting, some questions still remain about how to align the whole a.s.r. portfolio with the Paris Agreement. The availability of data is still a challenge for some asset classes. Nonetheless, a.s.r. is exploring various science-based methodologies in order to determine if the current target for 2030 of the investment portfolio is in line with the 1.5°C scenario and net zero before 2050. To align the emissions from its own activities (scope 1 and 2), such as housing, a.s.r. set an energy consumption target of less than 50 kWh / m². This aligns with the approach that will most likely be included in the SBTi methodology, i.e. Carbon Risk Real Estate Monitor.

## 3.2.2 a.s.r. real estate

As a real estate investment manager, a.s.r. recognises its responsibility for contributing towards liveable and sustainable buildings, cities and communities. By investing in appropriate and sustainable real estate, a.s.r. aims to have a positive impact on the built-up environment, both now and for future generations.

Each year, Real Estate initiates projects for tenant engagement, invests in districts and sets targets for a more climate-adaptive environment. In strong partnerships with its stakeholders, Real Estate makes targeted impact investments, accelerates the energy transitions through renewable power generation and is working towards a Paris-Proof portfolio in 2045.

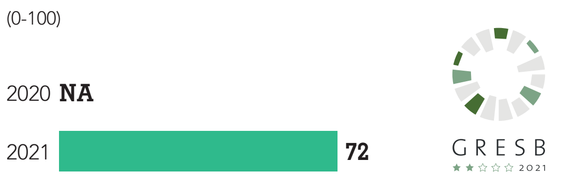
**Sustainable investing – GRESB benchmark**
The a.s.r. real estate sector funds were assessed on their sustainability performance by the Global Real Estate Sustainability Benchmark (GRESB) in 2021. The ASR Dutch Core Residential Fund (ASR DCRF) and the ASR Dutch Mobility Office Fund (ASR DMOF) were each awarded the maximum score of five stars. This means that Real Estate's residential and office funds are among the top 20% best-performing GRESB funds worldwide. The ASR Dutch Prime Retail Fund (ASR DPRF) also saw improved performance this year, with a four-star score. The recently-launched ASR Dutch Science Park Fund (ASR DSPF) took part for the first time in 2021 and achieved a starting score of 72 points. A new fund cannot yet attain a maximum score in the phase of building up a track record. In the coming years, a.s.r. will continue its efforts for further sustainability improvements, in which a.s.r.'s Paris-Proof Roadmaps are leading.

**ASR Dutch Core Residential Fund**


**ASR Dutch Prime Retail Fund**


**ASR Dutch Mobility Office Fund**


**ASR Dutch Science Park Fund**




**Rewards for sustainable farming**
a.s.r. aims to help secure the continuation of farming and to address climate change and the loss of biodiversity, among others through the introduction of a reward system for farmers that operate sustainably. Subject to conditions, existing and new lessees of farmland that comply with certain sustainability requirements can receive a 5% to 10% discount on the ground rent that they pay for the leasehold of the land. This discount applies for the full contractual term, as long as they comply with the sustainability measures. The sustainability measures are divided into three themes (soil, biodiversity and business operations), with conditions relating to the environment, health and animal welfare. These themes contribute towards the necessary sustainability transition in the agricultural sector. The reward system for sustainable farming falls within a.s.r.'s climate-smart agriculture framework.

**Renewable energy**
Alongside determined efforts to reduce energy consumption, a.s.r. maintains a firm focus on increasing the renewable energy generated on-site. Since its portfolios encompass both farmland and the built environment, a.s.r. is in a position to make an important contribution to the Dutch energy transition. In 2021, 6,670 solar panels were installed on roofs bringing the current total up to 15,126.

In the past year, Chinese oppression of the Uyghur ethnic group was an important issue for a.s.r. China is suspected of forcing Uyghurs to mine raw materials for the production of solar panels. In order to ensure that it does not work with manufacturers that are directly or indirectly associated with these potential abuses of human rights, a.s.r. has sharpened the screening procedure for all solar panel projects. Among other things, solar panel manufacturers must be able to describe their entire supply chain and show the origins of their raw materials and materials.

**Monitor and adapt to climate change**
Climate Adaptation Services has drawn up a Climate Impact Atlas on the basis of the four climate risks (heat, drought, flooding and extreme weather). This provides an insight into the climate effects in an accessible manner and makes clear how these risks will impact on the living environment, now and in 2050. Anticipation of climate change is necessary to create a more sustainable living environment and to retain the value of the real estate portfolios.

In the Geographic Information System (GIS), a.s.r. has set up a dashboard that makes the impact of climate risks clear at the portfolio level. This tool loads multiple climate risks and the locations of a.s.r. properties are plotted over these. With this, a.s.r. determines the risks for each building. a.s.r. has drawn up a risk profile varying from low to high, making risk levels transparent at a detailed level. a.s.r. uses the insights obtained in the purchase of new properties and the annual hold / sell analysis.

**Paris Proof-roadmaps**

In 2020, Real Estate signed the Paris Proof Commitment of the Dutch Green Building Council (DGBC), which works to realise a greenhouse gas-neutral portfolio in 2050. In 2021, Real Estate raised its ambition to realisation of this target in 2045. Increased urgency and regulatory pressure to reduce emissions worldwide has led Real Estate to accelerate the process of realising more energy-efficient portfolios. In order to avoid assets becoming unmarketable, Paris Proof-roadmaps have been drawn up for all real estate funds. These roadmaps are produced with the CRREM tool (a tool developed by the EU for real estate investors in order to measure exposure to emission-related risks).

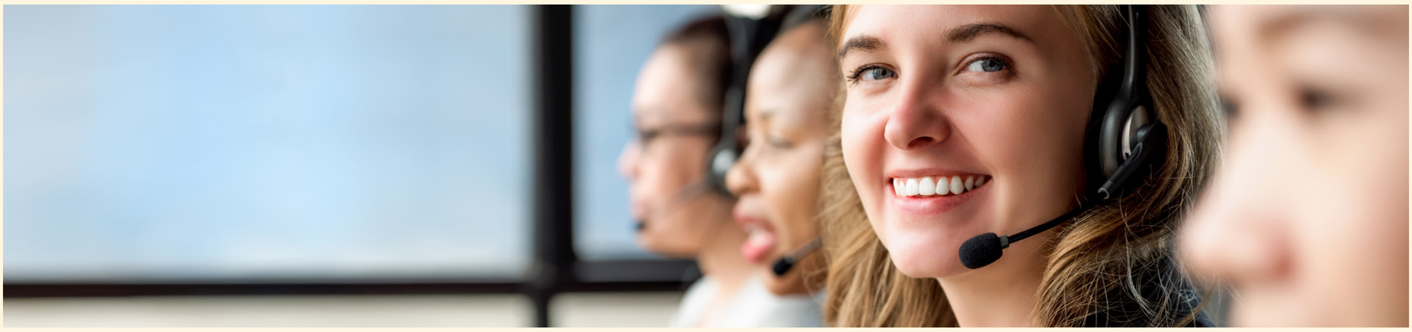
## Sustainable
### building and renovation

a.s.r. has a strong focus on climate in its real estate. That is why a.s.r. decided to have its real estate objects to be build and renovated sustainably. One example is Wonderwoods in Utrecht, where homes and offices merge into a vertical forest. The Treehouse project in Rotterdam, inspired by the ecosystem of a tree, is another good example of this.

Another example is the renovation of a 8,300 m$^2$ office building in Utrecht in 2021. A number of sustainable measures were taken, including the construction of a moss sedum roof that retains rainwater, keeping the building cooler. The facade was also provided with extra insulation, and solar panels and LED lighting were installed. Following the renovation, the building was awarded the Building Research Establishment Environmental Assessment Methodology (BREEAM) Excellent hallmark.

Recently the ASR Dutch Mobility Office Fund was nominated for the Responsible Investment For Small Portfolios Award by BREEAM and GRESB.

# 3.3 Sustainable employer




**Employees**
(in FTEs)

**4,155** ↑

2020: 4,042

**Relative score for employee engagement in Denison scan**
(compared to the benchmark, in percentile 1-100)

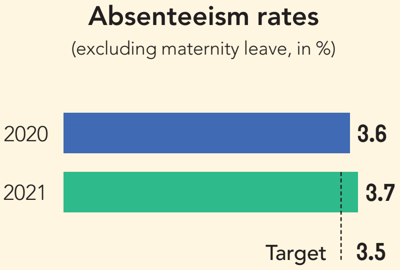
**91** ↑

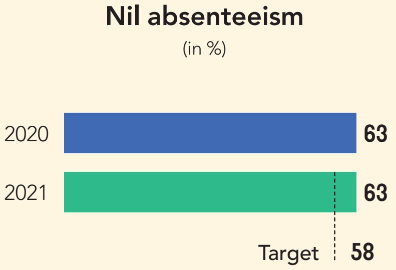
2020: 89

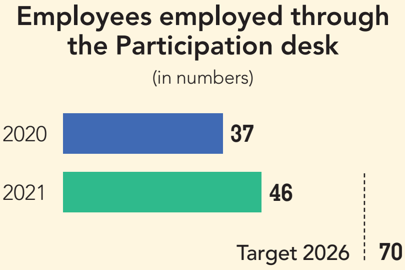
**eMood**
(1-10)

**7.5** →

2020: 7.5




**Total spending on training**
(in € million)

**4.4** ↓

2020: 4.6

**Spending on training per FTE that followed training**
(in €)

**1,255** ↓

2020: 1,285

**Employee turnover**
(in %)

**9.1** ↓

2020: 10.0

**Vacancies filled internally**
(in %)

**50** ↑

2020: 43

**Employees are the most important factor for the successful implementation of a.s.r.'s strategy and long-term value creation. As described in chapter 2.2, customers and society benefit from the service, expertise, positive attitude and social engagement of a.s.r. employees. The employees abide by the organisation's core values, which set out the basic approach and are used as a behavioural compass. These core values are: I'm helpful, I think ahead and I act decisively.**

**The impact of COVID-19**
As in 2020, 2021 was largely dominated by COVID-19. a.s.r. employees predominantly worked from home until the summer. During this period, a.s.r. devoted close attention to vitality and the work-life balance. From May onwards, there was limited scope to work at the office again occasionally. In the summer, frameworks were drawn up for the return to the office. The results of a survey of work preferences among employees were taken into account in this context. Further details on this are presented in chapter 3.3.2. On 25 September 2021, a.s.r. expanded its rules for access to the office and all workplaces became available again. In response to the fourth wave of infections and in line with government advice, all employees worked from home from 15 November till 31 December 2021; the a.s.r. offices were only open for necessary work.

**HR related indicators**
The external auditor performed a review of the HR related indicators in this Annual Report, all HR related indicators were audited with a reasonable level of assurance. The data in this chapter is excluding Van Kampen Groep, Dutch ID (Felison and Boval), Corins, SuperGarant, ANAC and Poliservice, except for the total figure of FTEs.

## 3.3.1 Organisational success and employee engagement

In 2021 a.s.r. carried out the Denison Organisation Success Survey for the fifth time. This annual survey measures the success of an organisation in several areas, including the drivers of engagement. The results are compared with a global benchmark of more than 1,200 large organisations which use the Denison scan.

83% of the workforce completed the scan (2020: 78%). a.s.r.'s score was higher than in 2020 in almost all areas, with a.s.r. ranking in the top 15% of highest-scoring companies that use the Denison scan on almost all levels. Only the scores for customer focus trail the benchmark, despite an improvement in comparison with 2020. This was one of the reasons for the start of an internal programme Wat doen kan doen, aimed at improving the customer focus and realising the Digital Agenda.

Working from home had no negative impact on engagement: the high scores for recent years have continued. The scores for diversity and inclusion have risen overall. For more information on this theme, see chapter 3.3.3. The willingness for digital transformation and innovation was measured for the first time this year. With scores ranging between 3.3 and 3.9 on a scale of 5, a.s.r. employees appear to be moderately positive about these themes.

**Engagement**
The Denison scan measures the engagement of a.s.r. employees on the basis of four themes: vision, core values, empowerment and knowledge development. The outcome of the calculation of the total engagement score rose in 2021 to 91 (2020: 89).

**World-Class Workplace Netherlands**
In May 2021, a.s.r. won the title of World-Class Workplace (formerly Best Employer) of the Netherlands. This is the result of a large-scale survey by Effectory. With an employee questionnaire, Effectory assesses employers for factors including organisational focus, pride in work and deployment of talent.
The World-Class Workplace certificate is awarded to every organisation that scores above the benchmark, worldwide or in a particular region. Almost half of the employees took part in the survey. They assigned a.s.r. a score of 8.4, which is 1.2 points above the national average. In 2020, a.s.r. won the Best Employer title in the Financial Service Provision category.

## 3.3.2 Employee Mood Monitor

After its launch at the start of COVID-19, a.s.r.'s Employee Mood Monitor (eMood®) was continued in 2021. The response remained at a stable high level, with approximately 2,500 to 2,900 participants per week. All permanent employees, external employees and trainees are invited to take part in this weekly pulse check in the fields of job satisfaction, vitality and productivity. All managers receive a weekly dashboard with the scores of their team. The most important intervention based on the Employee Mood Monitor is very simple, namely the good conversation in the team about the different topics and the underlying motives and motivations. This enables a.s.r. to keep a finger on the pulse and encourages employees and managers to continue dialogues of these subjects. In addition, HR provides data driven insights to the organisation and develops central interventions based on the Employee Mood Monitor scores, such as certain HR policy choices and adding new trainings to the learning and development programmes.

Despite the situation in which employees were largely working from home, a.s.r. again managed to keep the mood of the organisation at a good level in 2021. This fluctuated between 6.8 and 8.2, with an average score of 7.5. The scores of the underlying constructs vitality (7.2), productivity (7.6) and job satisfaction (7.8) were at a stable and adequate level compared to 2020.

An interactive eMood platform for employees has been launched at the end of 2021. Through this platform employees have access to the (historical) eMood results. Employees have access to these data and can filter results per business line, age group and job type. In addition, the platform offers inspiration regarding the eMood topics and also links directly to the training courses of the a.s.r. academy. Where all kinds of training courses are offered, such as courses on mental and physical health, leadership or work-related courses and several accreditations.

Following a successful pilot project, the Employee Mood Monitor has also been offered as a service for employers and advisors in the Disability segment since mid-2021. In April 2021, a professional jury selected the Employee Mood Monitor as one of the nine best innovations worldwide in the Workforce Transformation category in the Global Innovation Insurance Award of EFMA / Accenture.

**Preferences for working from home or at the office**
In April 2021, a.s.r. conducted an extensive survey of the preferences of employees for working from home versus working at the office, via the Employee Mood Monitor. The results showed that employees wish to work from home more than before COVID-19, but also want to return to the office for a sense of belonging, for social contacts and for inspiration. The results were taken into account in frameworks for the return to the office. These frameworks combine the best of both worlds in a further development of working independently of time and location; the nature of the work and the required manner of interaction are leading for the choice of working location (activity-based work). In the summer of 2021, all managers attended workshops on successful leadership of hybrid teams. In the third and fourth quarter, workshops were held in which teams reached agreements on hybrid working.

**Employee Net Promoter Score**
The employee Net Promoter Score (eNPS), the extent to which employees would actively recommend a.s.r. as an employer, is also measured via the Employee Mood Monitor. The average eNPS in 2021 was +47 (2020: +48). All 350 managers receive the eNPS score for their own department or team each month. HR also analyses the development of the eNPS over time for the different business lines at a.s.r. The eNPS provides a.s.r. with an insight into the loyalty and perceived attraction of a.s.r. as an employer.

**eNPS**


## 3.3.3 **HR policy and strategy**

The HR strategy enables a.s.r. to realise its targets in an innovative and efficient manner by providing for the most driven and skilled workforce. The focus lies on:
- strategic personnel planning
- total workforce management
- leadership
- vitality
- diversity, equality and inclusion

**Strategic Personnel Planning**
In order to realise its targets, a.s.r. needs a future-proof workforce with the skills required both now and in the

# **Employee** Mood Monitor

When in early 2020, as a result of COVID-19, many people started working from home, a.s.r. developed the Employee Mood Monitor (eMood®). Meanwhile, the Employee Mood Monitor has proven its value within a.s.r. Every week, employees are asked three short questions online, covering themes such as job satisfaction, vitality and productivity. Employees feel personally addressed and experience genuine interest. The tool provides managers with relevant information that helps them to manage employees remotely.

At the end of 2021, a.s.r. introduced the Employee Mood Monitor on the external market. The simple research design, the weekly changing topics and the automated dashboards are the main elements for other companies to want to use the Employee Mood Monitor too. The follow-up of the results is simple: the weekly 'good conversation' about the results is the main intervention. Just having this conversation contributes to an improvement in job satisfaction, vitality and productivity because employees share their feelings with each other, give each other tips or achieve better cooperation. Because companies will also work remotely more often in the future, the Employee Mood Monitor will only gain in relevance.

The Employee Mood Monitor fits the strategic ambition to contribute to sustainable employability and vitality of employees. Several companies have already shown interest and the first pilots are currently being set up. See for more information www.asr.nl.

future. This workforce must also be sufficiently flexible to handle changes. a.s.r. deploys Strategic Personnel Planning (SPP) for that purpose.

After drawing up a SPP for a.s.r. in 2020, the roll-out per business line began at the start of 2021. An extensive data analysis of the workforce was performed for all business lines, including forecasts up to 2030. These analyses form the point of departure for the strategic planning and the necessary interventions. During this process the Works Council was actively involved, this involvement will continue in the next phases.

**Total workforce management**

The total workforce has grown by 3% in 2021 compared to 2020 to 4,155 FTEs (2020: 4,042)[1]. This growth can mainly be explained by the addition of BND PPI and new vacancies as a result of revenue growth at a.s.r. and Distribution and Services. This growth is fairly evenly distributed over the various business lines.

Through total workforce management, a.s.r. ensures that the best solution is sought for every capacity requirement. This can be a permanent employee or a flex worker, but also possibly a robot. A vacancy can be filled via internal transfer but also via external recruitment.

On the basis of external benchmark data, rate cards were developed for flexible hiring, similar to the salary scales for permanent employees. The rate cards are the standard for the rates for new hiring. All contracts that need to be renewed are tested using the rate cards.

Recruitment is also steered more explicitly towards the deployment of temporary employees rather than seconded employees in lower grades, as the rates for temporary employees are lower.

**Trainee programmes**
(in numbers)

**2**

**2020: 1**

*Trainee programmes*

a.s.r. offers two trainee programmes in order to attract newly graduated talent. Via these programmes, candidates can develop faster as specialists or progress to management positions.

After a one-year break, due to COVID-19, the a.s.r. trainee programme was started up again in 2021. In September 2021, 12 trainees with Masters' degrees in various subjects started at one of the a.s.r. business lines, in fields matching their previous education. The trainees carry out a number of assignments independently and follow a customised development programme.

On 1 January 2021, five trainees started the IT Talent Traineeship, a two-year programme for candidates with Masters' degrees in the field of IT or data science. They are trained as IT professionals via assignments, professional courses and skills training. Five new candidates were recruited in September, they started per 1 January 2022.

*Filling vacancies*

a.s.r. aims to fill at least 40% of all vacancies internally. In this way, knowledge of the company is retained and employees are given the opportunity to develop further within the organisation. In 2021, 327 of a total of 650 vacancies were filled internally, amounting to 50%.

**Leadership and agility**

In an environment where automation and digitisation are gaining ground, and agility is essential for remaining sustainably employable, attention to employee development is more important than ever. A new vision for talent development, Focus on Talent, was therefore introduced in 2021. a.s.r. devotes continuous attention to leadership in this vision.

*Focus on talent*

In order to be able to continue making the difference for customers now and in the future, the development programmes were modified to create a better match with the skills required for the future and with the individual needs of every employee. All employees have access to a varied and personal range of training courses, and additional training is available for employees with specific profiles. The profiles and the accompanying training offered are developed together with the business and are continually upgraded on the basis of employee feedback, current developments and strategic personnel plans. In the new approach, a.s.r. no longer invites (groups of) employees for general development and inspiration programmes. Instead, employees plan their own development with a personal development plan. The manager acts as a sparring partner.

*Leadership Education programme*

As a result of COVID-19, managers needed extra time to achieve the required number of Leadership Education points in 2021. They earn these through participation in parts of the programme. A mandatory training course entitled Consciously diverse and inclusive together was added to the programme in 2021. This unconscious implicit bias course was developed to encourage awareness of a diverse and inclusive culture within a.s.r. A 'Successful leadership of hybrid teams' course was also offered in the summer of 2021, designed to prepare managers for the reboarding of their teams after COVID-19.

*Development*

The percentage of employees who followed training courses rose to 64% (2020: 45%), the increase in the participation grade is partly due to the fact that an increasing proportion of the training courses in 2021 was offerend online. In 2020 less online options were available, whilst many physical training courses were cancelled as a consequence of COVID-19. Despite this increasing participation grade, the total amount spent on training in 2021 is € 4.4 million, which is almost equal to last year (2020: € 4.6 million). The total training costs did not increase despite the fact that many more employees (2,457 in 2021 vs. 1,725 in 2020) have participated in training courses as online courses are less expensive compared to physical training courses.

1 This figure includes the FTEs of the subsidiaries of a.s.r.

### Employee development training

| In numbers | 2021 | 2020 |
|---|---|---|
| Employees have completed job-related training | 2,457 | 1,725 |
| Employees took part in one of the development programmes | 302 | 382 |
| Employees followed a workshop on sustainable employability | 326 | 391 |
| Employees have completed an individual coaching programme | 284 | 296 |
| Employees were given guidance in the context of redundancy | 86 | 85 |

**Vitality**
The subject of vitality was assigned its own cluster in the a.s.r. Collective Labour Agreement (CLA) in 2021. A number of additional agreements on vitality were reached in this CLA, and close attention is devoted to vitality during work from home. Every employee is required to arrange a check of the home workplace. At the end of 2021, 52% of the employees had conducted this home workplace check. Employees can also take part in an annual health check-up and a vitality scan, which gives them an insight into sources of energy and stressors. In October 2021, a pilot project was started to optimise support for employees who are sick. In the future, they will be asked to complete a digital questionnaire after their third day of illness, which provides an insight into the background of the absence and the potential follow-up steps. This enables a.s.r. to contribute to a faster recovery and in a more targeted manner. Evaluation of this pilot project is scheduled in the first quarter of 2022.

*(Nil) absenteeism*
The absenteeism rate in 2021 was 3.7% which is 0.2%-points above the target of 3.5% for 2021. This is a slight increase compared with last year (2020: 3.6%). a.s.r. continues to pay much attention to the development of absenteeism and provides assistance in this respect, because a longer period of working from home can pose risks to the mental health of employees. The Employee Mood Monitor showed that, during the mandatory lockdowns, some groups of employees experienced more anxiety and stress, less social connectedness and insufficient moments to do something else during the day.

**Short absence**
(in %)

**0.52**

**2020: 0.48**

The short absence (and therefore also the reporting frequency) slightly increased in 2021 to 0.52% (2020: 0.48%), but is still below the target of 0.7%, probably caused by COVID-19 effects like infections and side effects of vaccination. The largest share of absenteeism is long-term. COVID-19 has made it clear that the lines between private and work life are thin and the work-life balance is under pressure. a.s.r. therefore will continue to focus on the health and vitality of its employees in 2022.

In 2021, the percentage of employees who did not report sick (nil absenteeism) was 63% (2020: 63%), the target for 2021 was 58%.

**Diversity, equality and inclusion**
In 2021 equality and inclusion were added to the basis for the diversity policy. Also, diversity, equality and inclusion were added to the definition of personal leadership within a.s.r. This definition now stands for: sharing dilemma's, devoting attention to diversity, equality and inclusion, entering into dialogue with each other, setting and asking for clear frameworks, and taking action.

A target was added for diversity, equality and inclusion: in 2022, a.s.r. aims to be among the 25% of the highest-scoring companies in the Denison scan with the Diversity and Inclusion module, and to maintain this score for at least two subsequent years. In 2021, the scores for diversity and inclusion in the Denison scan rose. However, the low score for equal promotion opportunities remains notable. This gave cause for an in-depth study. More detailed results will be available in the first quarter of 2022.

In order to promote commitment to the targets of diversity, equality and inclusion at work, the EB has signed the Diversity Charter of the Social and Economic Council (SER).

To further stimulate awareness, the 360 degree feedback tool that is widely used at a.s.r. to obtain feedback on behaviour, leadership and development was expanded with questions on diversity, equality and inclusion in 2021. Questions on this theme were also included in the daily gamification. Gamification is a learning intervention used by a.s.r. that makes use of gaming techniques and principles. It helps employees to gain knowledge about different topics in an accessible way. The dialogue sessions on diversity, equality and inclusion were continued; 691 employees took part in these in 2021.

*Female / male*
The Diversity, equality and inclusion policy (DGI) of a.s.r. followed the new legislation per 1 January 2022. As a result, the targets for the SB, EB and senior management have been adjusted from at least 30% female and at least 30% male in 2021 to at least one-third (33%) female and at least one-third (33%) male in 2022.

On 31 December 2021, the EB consisted of one female (33%) and two male (67%) members and the SB of two female (40%) and three male (60%) members. On 31 December 2021, the senior management consisted of 16 members, four of whom were female (25%) and 12 of whom were male (75%). The DGI policy is part of the recruitment process and the annual employee review, in which succession planning, among other things, is discussed.

**Breakdown gender diversity**

| In % (female / male) | 2021 | 2020 |
|---|---|---|
| Supervisory Board | 40 / 60 | 33 / 67 |
| Executive Board | 33 / 67 | 67 / 33 |
| Senior management | 25 / 75 | 28 / 72 |
| Management excluding sr. and jr. management | 23 / 77 | 22 / 78 |
| Junior management | 37 / 63 | 34 / 66 |
| Other employees | 44 / 56 | 43 / 57 |
| Total employees | 43 / 57 | 42 / 58 |

**Participation desk**
(in numbers)

**46**

**2020: 37**

*Participation desk*
To reduce the distance from the labour market for candidates with a work disability, a.s.r. has established the Participation desk. This desk employs people with a Work and Employment Support for Disabled Young Persons benefit (Wajong) on various assignments. During a two-year period (maximum), they gain work experience and develop employee skills. They receive intensive guidance and a tailor-made development programme. The aim is to prepare them for a permanent position, preferably within a.s.r.

a.s.r. is committed to employing at least 70 work-disabled people who fall within the Participation Act (Participatiewet) target group by 2026. At the end of 2021, 46 employees (2020: 37) who fall within this target group were employed through the Participation desk at a.s.r.

## 3.3.4 Working conditions

**De Andere Cao**
In February 2021, negotiations between a.s.r. and the FNV Finance, the Unie and the CNV Vakmensen trade unions resulted in a new CLA, De Andere Cao 2021-2022. Significant changes included:
- A work from home regulation, consisting of a check of the home workplace and the possibility of a home workplace on loan, a vitality check and an allowance for working from home.
- The possibility of taking a sabbatical on partial pay once every five years.
- Eligibility for the Early Retirement Regulation (RVU).
- The possibility of remotion (a switch to a different job with the same or a lower salary scale at the employee's own request).
- Fixed allowance for commuting expenses replaced with an allowance in arrears for actual distance travelled.

In April 2021, employees received detailed information on the practical effects of the new CLA. See www.asrnl.com for detailed information.

**Pensions**
The new pension scheme, Het Andere Pensioen, entered into force on 1 January 2021. This scheme runs from 1 January 2021 to 31 December 2025. In the course of 2021, employees received detailed information on the changes, through a brochure, an individual pension statement, webinars and individual interviews with a pension advisor.

**Social plan**
In November 2021 a.s.r. and the trade unions agreed upon the continuation of Het Andere Plan, the social plan of a.s.r. The updated version will take effect on 1 January 2022 and will run for three years. The renewed social plan includes agreements to encourage employees to develop themselves further and to take control of their own future if a reorganisation is imminent. A limited number of points in the new social plan have been tightened up or adjusted.

## 3.3.5 Remuneration

a.s.r.'s remuneration policy is based on the principle that the average level of total remuneration should be just below the median of the peer group. Every three years (for the EB every two years), an independent consultant is hired to perform a market comparison-based remuneration benchmark. The relevant peer group for a.s.r. employees (excluding the EB of ASR Nederland N.V., a.s.r. asset management and the a.s.r. real estate front office) is the general market. The relevant peer groups for the latter two are the asset management market and real estate positions. The EB's peer group is described in chapter 5.3.3. In line with the remuneration policy, the remuneration of a.s.r. employees consists solely of a fixed payment.

a.s.r. does not have a company-wide variable remuneration scheme; for more information, see chapter 5.3. In 2021, however, there was one type of variable remuneration for exceptional, additional performance of specific employees: the Boter-bij-de-vis (incidental bonus). This reward cannot be agreed in advance, but is granted for exceptional performance. In 2021, 97 employees (2020: 102) received this incidental bonus.

a.s.r. also has other special forms of variable remuneration, such as retention fees, a welcome bonus and a buy-out, which are only occasionally applied. All forms of variable remuneration are in line with legislation and regulations. In 2021, sixemployees (2020: five) received this form of special remuneration.

At a.s.r., jobs are weighted regardless of gender. Women and men with similar work experience, performance and potential receive equal pay. Through the yearly gender pay gap analysis a.s.r. analyses the existence of a possible wage gap between women and men.

The differences between the wages of women and men are calculated on the basis of the gross hourly wage in order to exclude differences caused by part-time and full-time positions. The gross hourly wage of women is often lower than that of men. However, the analysis shows that this difference can be explained by two factors:

- Women are overrepresented in positions in lower salary scales. Whilst men are overrepresented in positions with higher salary scales.
- The average years of service of women is 3.0 years less compared to men. As such, men reached a relatively higher position in the salary scale for the same job level compared to women.

When adjusted for the factors mentioned above the gender pay gap analysis shows that there is no pay gap (0%) between women and men for equal work and a comparable number of years of work experience. The differences presented in the following table are explained by the number of years of service and job type.

a.s.r. continues to strive for a more equal representation of women and men in all layers of the organisation and positions. In the last couple of years positive developments were accomplised, namely a more proportional representation of women and men in the influx of new employees and the growth of current employees.

In addition, every quarter, in various working groups at a.s.r. a discussion takes place, based on data and analytics, whether women and men actually have equal opportunities at a.s.r. in a broad sense: such as the influx of new employees, internal career opportunities, female / male ratios per management layer, job type and salary scale. The aim is to ensure that a.s.r. offers equal opportunities to women and men and to develop interventions to guarantee this and to stimulate the new influx and growth of women in particular to ensure an equal ratio between women and men in all organisational layers.

**Gross average wages split by gender (gross hourly wages)**

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| In € | Female | Male | Female | Male |
| Executive Board[1] | 296 | 313 | 277 | 337[2] |
| Senior management | 118 | 115 | 107 | 106 |
| Management excluding sr. and jr. management | 57 | 63 | 57 | 61 |
| Junior management | 37 | 38 | 35 | 37 |
| Other employees | 25 | 28 | 24 | 28 |

**Average years of service**

| In years | 2021 | 2020 |
|---|---|---|
| Female | 11.8 | 12.2 |
| Male | 14.8 | 15.8 |
| **Difference** | **3.0** | **3.6** |

The average number of years of service among men is 3.0 years higher than among women. In 2021, the average number of men's years of service has decreased more than the average number of women's years of service. This is because at a.s.r. many men are for a relatively long period of time in service compared to women. In 2021 more male (62%) than female employees (38%) left a.s.r. As the male employees had a longer term of service (15.6 years) compared to female employees (7.5 years) that left, there is a higher decrease of the average years of service of men than women.

For the complete a.s.r. remuneration policy and the Remuneration Disclosure, see www.asrnl.com.

## 3.3.6 Business targets and personal targets

a.s.r. aims to create long-term value for customers, employees, investors and society. The business targets are determined based on this long-term value. Because priorities can differ between business lines and even between departments, business lines also have scope to add their own targets.

The business targets are the basis for the personal targets of management and employees. Senior management agrees its targets with the EB each year. Managers and employees derive their personal targets from this. They reach agreements on targets, behaviour and performance in performance interviews. These interviews also serve for evaluation and discussion of the actual performance against the KPIs.

1 The figures for the EB include CEO’s compensation.
2 Excluding CEO’s compensation, the male average hourly wage of the EB would not be applicable as a.s.r. does not have male EB members.

## 3.3.7 **Employee Share Purchase Plan**

Since 2019 a.s.r. has an employee share purchase plan (ESPP). Employees of a.s.r. are thereby given the opportunity to acquire a.s.r. shares at a discount. a.s.r. can suspend or withdraw the plan at any time. There is no option under the plan for either a.s.r. or the employee to settle in cash or other assets. Therefore the plan is an equity-settled share-based payments plan.

The members of the EB are required to participate in the plan by investing a predetermined part of their remuneration in a.s.r. shares. Other employees participate voluntarily.

Under the terms of the plan the granting and vesting is predefined, after the publication of the full year and half year results. The grant date of the plan is the moment the employee registers to participate in the plan. The shares vest immediately on the transaction date when cash is received from the employee, unconditionally, subject only to a post-vesting transfer restriction of five years. Otherwise, there are no specific restrictions to the share (i.e. voting power, dividend restrictions).

The employees purchase the shares at a discount of 18.5%. The fair value of the a.s.r. share with a lock-up of five years at the grant date equals the purchased price by the employee.

The ESPP has an impact on equity through the adjustment in the treasury shares and retained earnings. Refer to chapter 6.7.6 for more information.

The number of shares purchased by employees during the reporting period was 126,368 for an amount of € 3.77 million (2020: 122,300 for an amount of € 3.25 million).

Please find more detailed information about employees in chapter 7.5.

# 3.4 Trustworthy company

**As a financial service provider, a.s.r. considers it of great importance to gain and maintain the confidence of its stakeholders. Aspects such as paying fair taxes, human rights, integrity, data and privacy protection and reducing a.s.r.'s environmental impact play a major part in being a trusted company.**

## 3.4.1 Socially responsible taxpayer

### Socially responsible taxpayer

a.s.r.'s tax policy contributes to its ambition to be a financially reliable and stable organisation in order to ensure that both its short- and long-term commitments towards customers and stakeholders can be met, thus creating long-term value. In addition, the outcome of its tax policy is that as a member of society, a.s.r. contributes its fair share to enable and maintain the very society of which it is part.

### Tax strategy

a.s.r. aims to be a socially responsible taxpayer based on professionally executed tax compliance. It does not apply any tax-aggressive positions. In optimising its tax planning, business considerations are always leading.

a.s.r.'s tax strategy was approved and endorsed by the Executive Board (EB). The Audit & Risk Committee (A&RC) of the Supervisory Board (SB) supervises the tax policies pursued in line with the Dutch Corporate Governance Code. Tax policy and tax risks are discussed annually in the A&RC.

### Tax control

Group Tax plays a central role in the tax function of a.s.r. and therefore has an important role in embedding the tax strategy in the organisation's day to day operations. Group Tax is responsible for the establishment, maintenance and testing of the Tax Control Framework that is part of the broader Risk Management Framework, which sets out the various processes, risks and existing control measures of which tax is a part.

### Relationship with the Dutch Tax Authority

The EB and the Dutch Tax Authority have signed the Horizontal Monitoring Covenant (Tax Control Framework). This sets out how a.s.r. and the tax authorities should engage with one another: with mutual trust and in an open, transparent manner. The Horizontal Monitoring has been further developed by the tax authorities into an Individual Monitoring Plan (IMP).

### Tax rulings

In some cases, it is desirable for a.s.r. to obtain certainty from the tax authorities in advance concerning the application of (often complex) tax legislation and regulations. In such cases, a.s.r. will ask the tax authorities for a prior tax ruling on a tax position a.s.r. has adopted. Since a.s.r. operates almost exclusively in the Netherlands, there are no international tax rulings.

More information on fiscal legislation and regulations for a.s.r. is available on www.asrnl.com.

## 3.4.2 Human rights

The a.s.r. code of conduct states that a.s.r. respects and endorses fundamental human rights, as recorded in the Universal Declaration of Human Rights, and that a.s.r. expects the same of its employees, customers and business relations. a.s.r. also endorses and respects the UNGPs and other standards, such as the OECD Guidelines for Multinational Enterprises, which prescribe human rights due diligence. a.s.r. runs the biggest risk of a negative impact on human rights with its investments. For that reason, human rights form the part of the core of its policy in the field of responsible investment. Other negative impacts may arise with commercial customers, via products and services, via procurement and in respect of a.s.r.'s own employees.

### Investments

All a.s.r. investments are monitored for compliance with the ESG criteria based on a.s.r.'s Socially Responsible Investment (SRI) policy, which includes criteria for human rights and labour rights. Countries and companies that do not comply with these are excluded. Companies that commit systematic and / or serious violations of human rights (as recorded in the International Bill of Human Rights), or companies that do not respect the fundamental ILO conventions, will be excluded or will be given an opportunity to improve in a dialogue. In 2021, engagement took place in relation to the subjects of forced labour, modern slavery, the human rights situation in Myanmar and living wages, including with JA Solar and Total. More information on this can be found chapter 3.2.1.

### Business customers

Since the Sustainable Insurance Policy was approved in 2021, a.s.r. also tests business customers in terms of the ESG criteria on the basis of the SRI policy. Serious or repeated violations of the principles of the UNGC (on matters including human rights and labour rights) are assessed. In 2021, no customers were rejected on the basis of human rights or labour rights violations. More information on this policy is presented in chapter 3.1.1.

**Impact via products and services**
At the end of 2021 and during the first months of 2022, a.s.r. determined the extent to which its products and services have a potential negative impact on the human rights of its customers through a human rights risk analysis. This showed that a.s.r.'s products and services generally have little negative impact. This provided valuable insights in specific risks and also provided a.s.r. with opportunities for improvement through adjustments of processes and policies. One risk that was identified regards customers in a debt situation that are unable to pay their insurance premiums and as such cannot exercise their right to social security and do not have an adequate standard of living. In order to mitigate this risk, a.s.r. has amongst others signed the Ethical Manifesto. Another risk that was identified is linked to the inaccessibility of information for (functionally) illiterate costumers. a.s.r. is addressing this risk via a variety of initiatives, such as a cooperation with Stichting Lezen & Schrijven.

**Impact via procurement**
In 2021, a.s.r. tightened its procurement process, including in the field of human rights, and on the basis of (international) guidelines and standards in the fields of social responsibility, such as the OECD guidelines for Multinational Businesses, the UNGC initiative and the UNGPs. On the basis of the procurement process and the Customer Due Diligence (CDD) policy, a.s.r. checks suppliers for human rights and labour rights, and for environmental and business ethics-related risks and impact. This information is used to avoid or reduce negative impacts. With these checks, a.s.r. ensures that due diligence is observed in procurement procedures. a.s.r. also requires suppliers to exercise due diligence in their own business activities and in their supply chains. a.s.r. intends to develop a Supplier Code of Conduct no later than in the first half of 2022, with more specific expectations for compliance with the human rights standards.

**Impact as employer**
a.s.r. also respects the right to equal treatment and non-discrimination as an employer. Everyone is welcome at a.s.r. and everyone receives equal treatment, precisely through organisation-wide awareness of diversity in gender, age, religious conviction, physical and mental abilities, background and orientation. Via the Diversity, equality and inclusion policy, a.s.r. aims for a balanced composition of the workforce on the basis of age, gender, cultural or social origins, competences, views and working styles. The code of conduct explicitly devotes attention to a safe and comfortable working environment versus discrimination and exclusion. With the Denison scan, the extent to which a.s.r. employees regard the company as an inclusive employer is surveyed every year. In the event of experiences with undesirable conduct such as bullying or discrimination, employees can contact an external confidential counsellor. This occurred 14 times in 2021 (2020: 16 times). Employees can also contact officers within the organisation with questions or dilemmas. The complaints committee for inappropriate behaviour handles complaints in confidence and can give the complainant advice. Just like in 2020, in 2021, the committee was not consulted.

## 3.4.3 Integrity

Integrity and ethical conduct are prerequisites for a.s.r.'s reputation as a trustworthy insurer. In addition to the use of clear frameworks, sound and controlled business operations are above all driven by sound, intrinsically embedded core values and ethical behaviour.

The a.s.r. code of conduct sets out the required attitude and behaviour of a.s.r.'s employees. The aim of the code is to protect a.s.r.'s reputation through the integrity and professional conduct of all its employees. For more information about the a.s.r. code of conduct, see www.asrnl.com.

a.s.r. continuously emphasises the importance of the a.s.r. code of conduct and its underlying policies and rules, and invests in awareness-raising. In 2021, it took various initiatives to further improve knowledge on integrity-related subjects. a.s.r. employees keep their knowledge up to date through compliance training, presentations and dialogue, but also, for example, through (voluntary) gamification. By answering relevant questions each day, employees can refresh their knowledge of the code of conduct. Training of employees covers the main compliance-related topics, with a focus on the code of conduct, conflicts of interest (e.g. insider trading, outside business activities and incentives), CDD, privacy and cyber risk. In mid-2020, a.s.r. launched an awareness programme on avoiding conflicts of interest, this programme ran to mid-2021. In 2021 attention was focused on outside business activities. Compliance will continue to implement compliance awareness programmes in 2022 and 2023.

In order to guarantee sound and controlled business operations, a.s.r. has taken a number of control measures to prevent, recognise and defy unethical behaviour, including combating corruption. Examples of control measures include integrity screening carried out by the investigations department prior to hiring new employees as well as in-employment screening. This integrity screening applies to contracting parties as well. All employees have taken an oath or made a solemn affirmation promising to comply with legislation and regulations and codes of conduct and observe ethics in their actions. This also applies to everyone who regularly works for a.s.r. Anyone who carries out work at or for a.s.r. must take the professional oath or make a solemn affirmation within three months of taking up their duties. In this way, a.s.r. seeks to prevent the risk of physical, financial or reputational damage to the company, its customers and / or other business relations.

a.s.r. has a policy on controlling unethical behaviour at group and business level. a.s.r. investigates signals of unethical behaviour, including corruption and fraud, from employees, advisors and suppliers. Should integrity be compromised, including through corruption and / or fraud, a.s.r. will take appropriate measures, with due regard for the applicable laws, regulations and sector-based protocols. The risk of corruption is dealt with in various policies, e.g. a.s.r.'s incentive policy and its anti-corruption policy. In this policy is also included that political contributions and charitable donations that act as a means of bribery and corruption are not allowed by a.s.r. a.s.r. uses the definition formulated by the DNB: 'The risk of corruption is the risk of financial companies in the Netherlands being involved in bribery and / or conflicts of interest which impair the integrity of, and trust in, that company or in the financial markets'. a.s.r. operates a policy of zero-tolerance. By performing systematic integrity risk analyses (SIRA), a.s.r. maps integrity risks and determines which additional control measures must be taken if the risk falls outside the risk appetite. The SIRA contributes to recognising and preventing that a.s.r. gets involved in violations of laws and regulations or other socially undesirable acts. The fraud and corruption risks are part of the SIRA.

Under the whistleblower scheme, employees and third parties, including former employees, clients and other contracting parties, can report alleged malpractice anonymously, freely and without feeling threatened.

**Violations of Code of Conduct**
(in numbers)

**5**

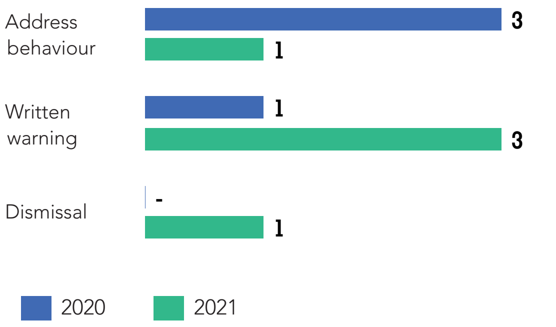
**2020: 4**

The compliance department monitors sound and controlled business operations, including reputational risks. The framework for monitoring and reviewing is based on the rules, regulations and standards of a.s.r. itself, including the a.s.r. code of conduct. In 2021, the compliance department monitored compliance with e.g. the rules, regulations and policies on CDD, General Data Protection Regulation (GDPR), remuneration, product approval and review process, handling client requests, intra-group outsourcing, internal exchange of company sensitive and / or price sensitive information and the registration and reporting of data breaches and the quality of information provided to clients. The compliance department played an advisory role in a.s.r.'s CDD optimisation project.

In 2021, 108 cases of alleged lack of integrity (2020: 92) were investigated by the investigations department. 55 disciplinary measures (2020: 49) were taken in cases of proven lack of integrity in the conduct of an employee, advisor or supplier. With respect to employee conduct, five employees were found to have violated the a.s.r. code of conduct. Following investigation, a lack of integrity, e.g. fraud and inappropriate conduct or behaviour, was proven. These employees were disciplined for the infringement of the company's principles. This resulted in the addressing of undesirable behaviour, a written warning or dismissal. The investigations department reports quarterly on the number of incidents and the measures taken. This report is discussed with the EB, the Non-Financial Risk Committee (NFRC), the a.s.r. Risk Committee and the A&RC of the SB. Where necessary, additional actions are taken.

**Violations: measures taken**

(in numbers)




## 3.4.4 Ethical reflection

Integrity in business operations and ethical conduct are essential for a.s.r.'s social role. a.s.r. is therefore committed to conducting its business according to principles such as transparency, integrity and honesty and acts in observance of ethical standards to ensure compliance with relevant legislation and regulations and to increase the trust of customers and other stakeholders. a.s.r. fulfils different roles, which sometimes makes it challenging to serve all relevant stakeholder interests in the decision-making process. a.s.r. therefore supports dealing with ethical dilemmas internally with ethical sessions and a continuing dialogue on dilemmas on the work floor. Ethical reflection is an important part of the value creation model of a.s.r.

Practicing ethical reflection and dialogue concerning dilemmas helps to involve a wider range of perspectives and interests from all relevant stakeholders in actions and decision-making. This open dialogue is practiced by organising ethical workshops and dilemma sessions. In 2021, four ethical workshops were held on the topic of diversity, equality and inclusion for all a.s.r. employees (2020: three). Four specific dilemma sessions were also organised (2020: three). The dilemma sessions are facilitated by the ethicist working in the Compliance department. Ethical workshops are an integral part of the a.s.r. academy. All ethical workshops and dilemma sessions were organised online in light of COVID-19.

**Ethical workshops and dilemma sessions**

(in numbers)


These sessions center around important themes and daily dilemmas, providing opportunities for all employees and decision-makers in the company to engage in critical dialogue with each other. This helps people to practice navigating the ethical playing field, employing insights from different ethical theories to signal moral dimensions and to carefully classify and consider relevant stakeholders and their interests. On this basis, they work together on practical ethical guidance and policy to support daily decision-making.

a.s.r. aims to remain as inclusive as possible in its acceptance policies, providing access to essential financial products and services, particularly for vulnerable groups in society. On the other hand, societal developments and expectations, and a.s.r.'s sustainability policies are increasingly playing a role in determining which clients and companies it decides to do business with. Ethical guidelines and policies are therefore developed within the different business lines on the basis of current cases. This ethical reflection forces a.s.r. to ask itself with which customers and partners it can address shared social themes in order to realise a continual significant impact for its stakeholders.

By continually creating possibilities for dialogue on dilemmas, a.s.r. as an organisation learns to deal more effectively with changing social standards and circumstances. a.s.r. encourages the growth of ethical awareness among all its employees. In this way, a.s.r. increasingly acts in a self-aware manner in accordance with its core values and in line with the strategic social targets.

**Dilemma: Ethical Framework for data-driven products, services and decision-making**
Technological developments in the area of big data and Artificial Intelligence (AI) play an increasingly prominent role in a.s.r.'s business operations. This has significantly impacted current products and services and presents new challenges for existing business models. Data-driven insights could for example better position insurers to increase solidarity and insurability, but also entail ethical dilemmas in the fields of privacy, data use and continued services for vulnerable groups of customers. The ethical framework that a.s.r. created in conjunction with the Verbond van Verzekeraars and which it has embraced as binding self-regulation since 2020, helps to monitor the important ethical boundaries and conditions for data use. The ethical framework of a.s.r. focuses on themes such as customer autonomy, the transparency and explicability of data and AI, access to necessary financial services, the stimulation of moral solidarity between customers and protection of their privacy. On the basis of this framework, new tests and data applications were organised in 2021 with the aim of tightening these further. a.s.r. also organised ethical sessions to develop specific guidance for middle management and to support employees on the work floor in the implementation and use of this ethical framework.

**Dilemma: Human rights and production chain of solar panels**
This year, a.s.r. faced an ethical dilemma on its enduring mission to promote sustainable development and realise the necessary energy transition, when news broke out of potential human rights violations in the supply chain for solar panels that are available on the market.

The Xinjiang region in China, where raw materials for the production of solar panels are sourced, became an international topic of attention when NGOs and news outlets reported violations of the human rights of Uyghur muslims in that area. This region produces a large part of the world-wide production of solar panels.

And unfortunately, there weren't any readily available alternative supply chains for the sourcing of solar panels, with an estimated 95% of all solar panels possibly containing raw materials originating from that specific region. Furthermore, this situation jeopardised the mission of a.s.r. to contribute significantly to a swift, effective and necessary energy transition to more sustainable sources through the use of solar power.

Ethical dilemmas come in many forms and will present companies with moral interests of stakeholders involved that can be weighed and compared to varying degrees, depending on relevant moral circumstances. In this case however, the moral status of human rights and the inviolability of human dignity knows no moral comparison. For a.s.r., there is no situation in which the violation of human rights could be ethically legitimised. Because there was no way to definitively disprove these accusations, an alternative solution had to be found to reduce human rights risks as far as possible. This dilemma and these alternative solutions have been discussed in the EB multiple times as well as the direction chosen.

This direction helped a.s.r. to devise a solution to this dilemma. a.s.r. contractually empowered its full ownership as the landowner who employed active stakeholder engagement with its partners in the supply chain. This with the aim to press the importance of this issue and convey the urgent need for an alternative supply route for the necessary raw materials to produce solar panels. Fortunately, an alternative supply chain was found and agreed upon to deliver the necessary materials resulting in a sufficient level of comfort and help realise the ambitions of a.s.r. in the energy transition. Although this alternative entailed higher costs, a.s.r. choose for this option.

## 3.4.5 **Privacy**

Customers or employers applying for insurance or another financial service are asked to provide personal data. They supply these data to a.s.r. either through an advisor or directly, through the a.s.r. website, by email or by phone.

As well as the information provided by customers, a.s.r. may receive data from third parties, such as employers or others, e.g. a financial advisor or insurance broker, Centraal Bureau voor de Statistiek (Statistics Netherlands (CBS)), the Bureau Krediet Registratie (Credit Registration Office (BKR)), Uitvoeringsinstituut Werknemersverzekeringen (Employee Insurance Agency (UWV)), working conditions services or market research firms. a.s.r. registers the sources from which it receives data.

**Notifications of data leaks to the Dutch DPA**
(in numbers)

**51**

**2020: 14**

Personal data are necessary for the performance of a.s.r.'s services. Using personal data helps a.s.r. to improve its products, perform marketing activities, reduce risks and trace fraud or cases of abuse. In this context, a.s.r. complies with the Protocol Verzekeraars en Criminaliteit (insurers and crime protocol) and the Protocol Incidentenwaarschuwingssysteem Financiële Instellingen (financial institutions incident warning system protocol). Both protocols were established by the Verbond of Verzekeraars.

All data are handled with due care, and adequate technical and organisational measures are taken to safeguard sufficient protection levels. a.s.r. has put in place technical and organisational measures to protect data against loss or unlawful processing. Examples include measures for using a.s.r.'s websites and IT systems safely and for avoiding abuse, and for protecting physical areas where data are stored. a.s.r. has an information security policy in place and arranges training programmes for its employees in personal data protection. Data can be viewed and processed only by authorised employees.

a.s.r. employees have a duty of confidentiality in respect of the processed data. All employees take an oath or make a solemn affirmation when they start as employees at a.s.r. This oath or solemn affirmation involves declaring that they will act with integrity and care and keep confidential what has been entrusted to them.

Data regarding health are only collected and processed where permitted by applicable laws and regulations. Only a medical advisor and qualified employees under the resposibility of a medical advisor may process health data for drawing up medical opinions. a.s.r. abides by the professional code for medical advisors involved in private insurance cases and / or personal injury cases. a.s.r. processes the health care data of a.s.r. Vitality members, such as exercise information from activity tracking, in the corresponding mobile application. To ensure that data regarding health are processed only within a.s.r. Vitality and not shared with the company's insurance departments, a.s.r. has set up a separate legal entity, a.s.r. Vitality B.V.

A data leak is a personal data breach, a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data from the organisation. In accordance with the GDPR, a.s.r. is obliged to report directly to the Autoriteit Persoonsgegevens (Dutch Data Protection Authority (Dutch DPA)) any data leaks which could have serious consequences for those involved. Such notifications are made by compliance, in consultation with the data protection officer. While the data leaks that were reported could have had serious consequences for those involved, there were no reports of any damage relating to the misuse or abuse of leaked data in 2021. Most data leaks were due to human error. a.s.r. took appropriate measures to mitigate any risks relating to both reported and unreported data leaks. a.s.r. does - at present - not have any reason to expect any of the data leaks to have a serious impact for those involved. Due to the potential impact of cyber crime-related data breaches (e.g. ransomware, data exfiltration attacks, hacking attacks), the Dutch DPA wished to be notified of all cyber crime related data breaches, regardless of their risk for data subjects. The Dutch DPA thus has an overview of the number of data breaches that occur due to cyber crime, and can support and advise organisations on prevention. The number of data leaks reported to the Dutch DPA increased substantially to 51 (2020: 14), this is among others due to recent acquisitions of a.s.r., increased digital communication via e-mail and mistakes in postal delivery. By executing the digital strategy, a.s.r. expects a decline of these types of data leaks, see chapter 3.1.3 for more information on the digital strategy. Also, the expected change in regulation that will enable life insurers to have access to the Basis Registratie Personen (Dutch registration system) in case of payment of policies will also help to prevent data leaks.

Compliance and the data protection officer report quarterly on the number and type of data leaks to the relevant management, the EB, the Business Executive Committee (BEC) and the A&RC of the SB. When necessary, a.s.r. implemented measures to improve processes for, and awareness of, dealing with data to avoid any future data leaks.

Data are not kept any longer than necessary. Some retention periods are prescribed by law. a.s.r. has a retention policy in place to ensure that data are not kept longer than needed.

Data are only supplied to third parties if this is permitted by law, and where necessary for a.s.r.'s business operations. Occasionally, a.s.r. is legally required to transfer specific personal data to the authorities, e.g. disclosures concerning life insurance policies to the tax authorities. To ensure a sound acceptance and risk policy, and to prevent fraud, a.s.r. records data in the Central Information System of the CIS foundation in The Hague. This concerns data relating to claims received by insurance companies or concerned individuals who have intentionally deceived the insurance company. The CIS foundation supports insurers in their acceptance and claims processes. With regard to information concerning the CIS foundation, a.s.r. is permitted under strict conditions to exchange information via the CIS foundation. For more information see the CIS foundation website.

## Complaints relating to customer privacy

| In numbers | 2021 | 2020 |
|---|---|---|
| Complaints received from third parties | 91 | 89 |
| Complaints received from regulatory bodies[1] | 3 | 2 |

Executing a.s.r.'s digital strategy will contribute to improving customer services, while at the same time increasing efficiency. The anticipated and related increased use of (personal) data however also creates privacy risks, as well as security and ethical risks. In executing the digital strategy a.s.r. has and will continuously observe and mitigate these risks.

In 2021 compliance conducted a privacy assessment across the business. The assessment shows that generally there is a sufficient level of compliance with privacy laws and regulations (including GDPR) within the business lines and that there is a sufficient degree of privacy awareness. Any findings for further improvement in managing identified risks have been assigned and are addressed by the respective businesses within a.s.r.

a.s.r. received 91 complaints from third parties, of which three were received from the Dutch DPA. Most of these complaints relate to data leaks, but also concern individuals exercising their data privacy rights, such as, the right of access and the right to be forgotten. The complaints received from the Dutch DPA are related to privacy violations, in particular with regard to the fulfilment of rights of data subjects. Customers have various rights to maintain control over their personal data. a.s.r. is currently evaluating the processes that implement requests made by customers regarding data subject rights. This is partly in response to a complaint submitted to the Dutch DPA by a person regarding a request to inspect the personal data of this person that a.s.r. has processed. The Dutch DPA asked a.s.r. for a response about this complaint.

a.s.r. respects the privacy rights of individuals. a.s.r.'s privacy statement contains detailed information on how a.s.r. deals with individual rights requests or other requests or complaints.

Privacy laws and regulations (including GDPR) prescribe that personal data may only be processed for clearly defined and justified ends (activities). a.s.r. has listed these ends in the processing register. The ASR Nederland N.V. privacy statement includes an accessible translation of these ends for customers. They relate to:

- the performance of a.s.r.'s services
- reducing risks
- performing marketing activities
- improving and innovating
- detecting fraud and abuse

a.s.r.'s full privacy statement[2] can be found on www.asrnl.com. It does not cover suppliers. The use of social media is everyone's individual responsibility. a.s.r.'s privacy statement does not apply to the way in which social media platforms deal with the personal data provided by individuals. a.s.r. may generate profiles of its customers based on data it collects for the purpose of analysing it and obtaining insight into (future) actions and preferences. In doing so, a.s.r. complies with relevant laws and regulations. This means, among other things, that a.s.r. asks permission in advance if required by law. In addition a.s.r. assesses applications for a number of products via an automated process. If individuals do not agree with an automated decision, they may express their point of view and contest the decision, in which case the assessment will be carried out by a human.

Where a.s.r. works with third parties, a.s.r. puts in place a service agreement detailing the restrictions regarding personal data (including customer personal data), all in line with applicable law and the a.s.r. privacy statement(s).

Financial institutions can record the behaviour of (legal) persons who have been or could be detrimental to financial institutions in an incident register. If data are transferred to organisations, companies or other third parties outside of the European Economic Area (EEA), appropriate safeguards and arrangements will be made in order to ensure compliance with the rules applicable in the EEA at all times. Following the decision of the Court of Justice of the European Union in July 2020[3], the European Data Protection Board (EDPB) recommended measures that organisations should take to ensure compliance with the Court's decision in the event of the transfer of personal data outside the EEA. a.s.r. is implementing the required measures, on top of any measures or actions required after the European Commission (EC) issued an implementing decision on the new Standard Contractual Clauses (SCC).

1 The complaints received from regulatory bodies are also included in the figure reported for complaints received from third parties.
2 The privacy statement of ASR Nederland N.V. applies to: ASR Nederland N.V., ASR Levensverzekering N.V., ASR Basis Ziektekostenverzekeringen N.V., ASR Aanvullende Ziektekostenverzekeringen N.V., ASR Schadeverzekering N.V., ASR Vermogensbeheer N.V., ASR Real Estate B.V., ASR Vitaliteit en Preventieve Diensten B.V., ASR Vooruit B.V., Ditzo, Ardanta and Loyalis. The other entities within a.s.r. (notably the intermediary subsidiaries / distribution companies) apply their own privacy statements.
3 In July 2020, the Court of Justice of the European Union (CJEU) ruled that the adequacy of the protection of personal data by the US-EU Data Protection Shield (privacy shield) was invalid. The SCC's remained valid. However, the CJEU sets out a heavy burden on data exporters which wish to use SCC's. The data exporter must consider the law and practice of the country to which data will be transferred, in particular if public authorities may have access to the data. Additional safeguards may be required.

## 3.4.6 **Political engagement**

a.s.r. participates in open dialogues within politics and with its stakeholders. This means that it continuously consults with public authorities, financial institutions and socially relevant organisations to explore social issues. In view of the challenges facing society as a whole, a.s.r. considers it essential to work together with public authorities and institutions in the search for joint sustainable solutions. a.s.r. engages in politics and lobbies as part of the democratic process. a.s.r. also makes its expertise and knowledge available to support policy development.

Public Affairs of a.s.r. follows developments in legislation and regulations and provides appropriate responses to its political contacts. In 2021, a.s.r. updated the House of Representatives on the handling of personal injury claims. This topic has received a lot of political attention in the past year. The same applies to reputation-sensitive files such as the climate agreement and the investment policies. Knowledge transfer has taken place by organising dialogues and meetings with members of parliament. This led to a more positive attitude toward a.s.r. on the part of the House of Representatives.

a.s.r. ensures that all public affairs, lobbying and political networking activities are carried out in line with the Code of Conduct of the Professional Association of Public Affairs (BVPA); this is the mandatory minimum standard for contacts with representatives of politics, business and society.

Through the BVPA, Public Affairs of a.s.r. is a co-signatory of the EU Transparency Code of Conduct. Public Affairs supports the operational disciplines within a.s.r. on the regulatory framework and political strategies and monitors these topics. a.s.r. is committed to democracy and aims for a neutral yet substantive participation. a.s.r. does not provide (financial) support of any kind to any political party, no contributions (€ 0) were made in 2021.

The financial contribution a.s.r. pays to its own industry association, the Verbond van Verzekeraars, in 2021 is € 2,605,000 (2020: € 3,124,000). In addition, a.s.r. paid an annual contribution of € 50,000 (2020: € 50,000) to the Vereniging van Institutionele Beleggers in Vastgoed Nederland (Association of Institutional Investors in Real Estate Netherlands). The total of annual monetary contributions and expenditure made to branch associations came to € 2,655,000 in 2021 (2020: € 3,174,000). The contribution policy of the Verbond van Verzekeraars is based on the gross premium income for the non-life and individual life sectors, and the contribution basis for collective life is based on technical provisions. The contribution permillage went down in 2021. This resulted in a lower contribution to the Verbond van Verzekeraars compared to 2020.

# **Bi-directional**
# solar panel parking lot

On 16 September 2021, a.s.r. opened the world's largest bi-directional charging service station for electric cars. At the charging bay of almost 10,000 m$^2$, 250 cars can be charged and discharged simultaneously. Cars are discharged on arrival, the energy obtained is stored in batteries and then used within the a.s.r. office. The batteries of the parked cars are then charged during the working day with energy from the solar collectors. In this way, the bi-directional charging service station contributes to the further sustainability of energy consumption within a.s.r.

During 2021, the possible violations of human rights in the production chain of solar panels became a matter of public concern. a.s.r. has taken measures, including searching for alternative suppliers and chains, so that when it comes to investing in the installation of solar panels on roofs or in rural areas, the risk of involvement in human rights violations, either directly or through partners in the production chain, is minimised.

**Emissions a.s.r.**
(in %)

**-36**

**compared to 2020**

## 3.4.7 Carbon footprint own operations

The pursuit of climate-neutral operations is part of the a.s.r. strategy. COVID-19 has had a significant positive impact on the $CO_2e$ footprint of a.s.r.'s own operations, which means that the target for both KPIs was met in 2021, just as in 2020.

a.s.r. actively manages waste, mobility, energy consumption and $CO_2e$ emissions to minimise its impact on the environment. a.s.r. focuses particularly on the two levels of its $CO_2e$ footprint:

- Indirect footprint as a result of investment activities (see chapter 3.2 and the Climate report 2021).
- Direct footprint resulting from own operations, as explained below.

a.s.r.'s target is to reduce direct $CO_2e$ emissions by 50% in 2025 compared to the base year 2018. To achieve this, a.s.r. constantly aims to reduce emissions. The remaining emissions are offset by purchasing certificates with the Verified Carbon Standard (VCS) and the Climate, Community and Biodiversity Standard (CCB).

Approximately 92% of all 4,155 FTEs work from the head office in Utrecht, this is 3,823 FTE. a.s.r. has a total of 100,302 $m^2$ of office space in use, of which the head office represents the major share of 92%. This makes the head office and its employees the most material part of a.s.r.'s direct footprint. The figures in the following table are based on a.s.r.'s head office.

**Emissions of a.s.r.'s own activities[1,2,3]**

| | 2021 | | 2020 | |
|---|---|---|---|---|
| Category of carbon emissions | in % | $tCO_2e$ | in % | $tCO_2e$ |
| **Scope 1** | | | | |
| Fuel and heat | 0.2 | 3 | 0.3 | 8 |
| Cooling | 2.0 | 34 | 1.3 | 37 |
| Business travel as a result of lease car fleet | 43.1 | 748 | 40.8 | 1,113 |
| | **45.2** | **785** | **42.4** | **1,158** |
| **Scope 2**[4] | | | | |
| Electricity | - | - | - | - |
| | **-** | **-** | **-** | **-** |
| **Scope 3** | | | | |
| Business travel excluding lease car fleet | 3.3 | 57 | 3.2 | 87 |
| Commuter travel | 48.0 | 833 | 51.6 | 1,408 |
| Waste | 3.5 | 61 | 2.8 | 76 |
| | **54.8** | **951** | **57.6** | **1,571** |
| **Total** | **100** | **1,736** | **100** | **2,728** |

*Scope 1*
At a.s.r., emissions from fuel and heat, cooling and from leased cars fall under scope 1.

In 2021, a.s.r.'s business travel was affected by the measures taken in relation to COVID-19 and as a result of changes within the lease car fleet. Both the increase in the number of electric and hybrid cars and improved fuel efficiency contributed positively to lower emissions from the overall fleet. Per 1 January 2021 all new lease cars are 100% electric. The a.s.r. head office in Utrecht has been fully carbon neutral since 2019 and also no longer uses gas since mid-2019.

*Scope 2*
The emissions from electricity consumption fall under scope 2.

Scope 2 emissions remained at zero because all electricity consumed was carbon neutral. The vast majority of this electricity is generated by Danish wind turbines. As in previous years, a.s.r. generated part of its electricity itself using solar cells. In 2021, solar panels were installed above the a.s.r. parking deck, generating already 385,000 kWh in 2021.

1 12% of the a.s.r. head office has been sublet since mid-2020. The energy consumption of a.s.r. does include the consumption of the subtenant.
2 The figures are based on a.s.r.'s head office (91,912 $m^2$ gross floor area). The offices in Enschede (1,830 $m^2$ gross floor area), Rotterdam (approx.1,000 $m^2$ gross floor area of office space and 3,900 $m^2$ gross floor area of archives), Heerlen (2,815 $m^2$ gross floor area) and Hoorn (3,745 $m^2$ gross floor area) are not included.
3 According to the Greenhouse Gas Protocol.
4 Based on the market-based approach.

*Scope 3*
Emissions from mobility - excluding Scope 1 mobility (lease cars) - and waste fall under scope 3.

Partly due to COVID-19, emissions were reduced by 992 tonnes (-36%) of $CO_2$e equivalent in 2021. Compared to 2018 the Scope 3 emissions decreased with 4,776 tonnes, the planned savings of 50% for the 2018-2025 period were as such already largely achieved in 2021. What the post-COVID-19 period will look like is uncertain. a.s.r. believes that mobility patterns will change permanently after 2021 and that employees will work from home more often.

**Trees for All**
a.s.r. overcompensated the emissions resulting from activities falling under scope 1, 2 and 3, expressed in tonnes of $CO_2$e equivalent, by planting trees[1] with 200% (3,472 tonnes compensation).

**Energy use**
In 2021, the head office consumed approximately 51 kWh (scope 2) of purchased energy per m$^2$ (gross floor area) (2020: 49). If a.s.r. wants to meet the Paris Agreement targets for its head office, it must continue to limit its purchased energy consumption for the head office to 50 kWh/m$^2$ gross floor area by 2050 at the latest. a.s.r. has set a target for 2030 to reach this 50 kWh/m$^2$ of gross floor area. This indicator is measured according to the Dutch Green Building Council definition.

1 The Trees for All foundation is responsible for sustainable $CO_2$e sequestration in certified sustainable forest projects. $CO_2$e compensation for a.s.r. took place in 2021 through the Kibale Forest project in Uganda. The planting of forest increased the habitat of wildlife and contributed to the protection of primary forests. This form of compensation has also made a positive contribution to the climate. In 2021, a.s.r. planted a total of 17,360 trees as part of the Kibale Forest project in Uganda.

# 3.5 Investor community

**Dividend since IPO**

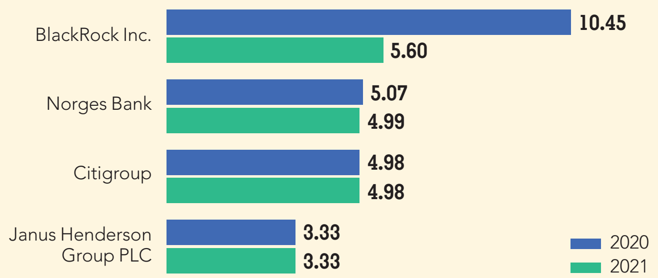
**€ 1.5bn**

**Share buyback since IPO**

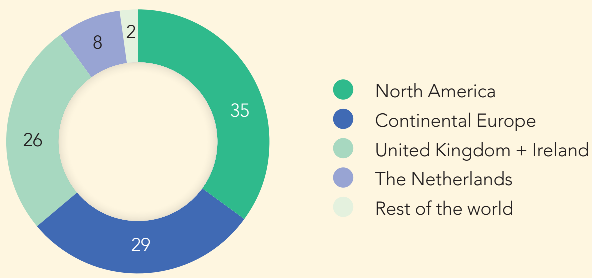
**€ 0.5bn**

| Market capitalisation (in € billion) | Free float (in %) | Outstanding shares (in million) |
|---|---|---|
| 5.5 | 100 | 135.8 |
| 2020: 4.5 | 2020: 100 | 2020: 137.9 |

### Top 4 shareholders
(in %)




### International diversification
(in %)




### Share price information

| Share price at year-end 2021 (in €) | Highest closing end of the day (in €) | Lowest closing end of the day (in €) | Average daily volume shares (in thousand) |
|---|---|---|---|
| 40.50 | 40.98 | 31.92 | 463.4 |
| 2020: 32.85 | 2020: 37.66 | 2020: 18.46 | 2020: 635.6 |

**a.s.r. aims to be a sustainable company for investors, one that is attractive to invest in by creating value in both the short and long-term. a.s.r. does so by adhering to a disciplined execution of its strategy aimed at delivering a solid performance against a set of financial and non-financial targets.**

a.s.r. attaches great value to maintaining a strong relationship with the investment community in the broadest sense and adheres to high standards relating to transparent communication and fair disclosure. The aim of a.s.r.'s investor relations is to provide all relevant information which can help investors make well-informed investment decisions. a.s.r. makes every possible effort to ensure that the information it discloses is accurate, complete and timely.

a.s.r. provides relevant insight into its activities through various financial and non-financial disclosures. To that end, it regularly updates the markets on its financial performance, the progress it is making on the execution of its strategy and any other relevant developments through press releases, webcasts, conference calls and other forms of communication. a.s.r. publishes its financial and non-financial results twice a year in the form of half-year and full-year results.

In 2021, a.s.r.'s management continued to actively engage with its existing investor base and potential new investors. Due to COVID-19, almost all meetings, roadshows and conferences were converted into conference calls or video meetings. In December 2021 a.s.r. held an Investor Update (IU) in which it provided an update of its strategy and announced its medium-term financial and non-financial targets for the 2022-2024 period.

For more information about a.s.r.'s policy on fair disclosure and bilateral dialogue, see www.asrnl.com.

## a.s.r. shares

a.s.r.'s shares have been listed on Euronext Amsterdam since 10 June 2016 (symbol: ASRNL, ISIN: NL0011872643). a.s.r. was included in the AEX Index until 20 December 2021 and thereafter became part of the AMX Index. The free float, as defined by Euronext Amsterdam, was 100% as at 31 December 2021. Each share has one vote.

On 20 February 2021, a.s.r. announced a SBB programme for € 75 million, which was completed on 4 May 2021. A total of 2,035,868 shares were repurchased as part of this programme in 2021. As at 31 December 2021, there were 135,793,392 shares outstanding. During 2021 the number of outstanding shares decreased mainly due to the SBB programme.

**Shares**

| In numbers | Year-end 2021 | Year-end 2020 |
|---|---|---|
| Authorised capital | 325,000,000 | 350,000,000 |
| Issued share capital | 138,057,204 | 141,000,000 |
| Own shares held by a.s.r. | 2,263,812 | 3,071,697 |
| Outstanding shares | 135,793,392 | 137,928,303 |

## Dividend

a.s.r.'s dividend policy applicable for 2021 is based on a pay-out ratio of 45-55% of net operating result distributable to shareholders (i.e. net of tax and hybrid costs), while taking into account the aim to offer a stable regular dividend per share. Effectively as from 2022, a.s.r. will adopt a new dividend policy intended to offer shareholders a progressive dividend going forward.

a.s.r.'s dividend policy includes an interim dividend, which is set at 40% of the total dividend for the previous year. The interim dividend falls within the dividend policy and is conditional on achieving adequate results and solvency. a.s.r. holds cash at the holding company to cover operating holding costs and hybrid expenses for the next 12 months (rolling forward), and cash to pay the final and interim dividend.

**Dividend per share**

| In € | 2021 | 2020 |
|---|---|---|
| Interim dividend | 0.82 | 0.76 |
| Final dividend | 1.60 | 1.28 |
| Total dividend | **2.42** | **2.04** |

Based on its financial performance in 2021, a.s.r. proposes to pay a total dividend of € 2.42 per share, which is paid as an interim dividend of € 0.82 per share (in September 2021) and a final dividend of € 1.60 per share (to be paid in June 2022). The total dividend of € 2.42 per share represents an increase of 19% compared with the total dividend over 2020 (€ 2.04 per share). The dividend reflects a.s.r.'s continued strong operational and financial performance throughout 2021, including the extraordinary favourable impact from the COVID-19 developments. Following approval by the Annual General Meeting (AGM) on 25 May 2022, the final dividend will be payable from 1 June 2022. The a.s.r. shares will trade ex-dividend on 27 May 2022.

Since the Initial Public Offering (IPO) on 10 June 2016, a total cash amount of € 2.0 billion has been returned to shareholders (including the proposed final dividend over 2021). This includes € 255 million of share buybacks in 2017 during the sell-down process by NL financial investments (NLFI), the SBB programmes of € 75 million in 2020 and in 2021 and the announced € 75 million SBB programme in 2022.

## Shareholders

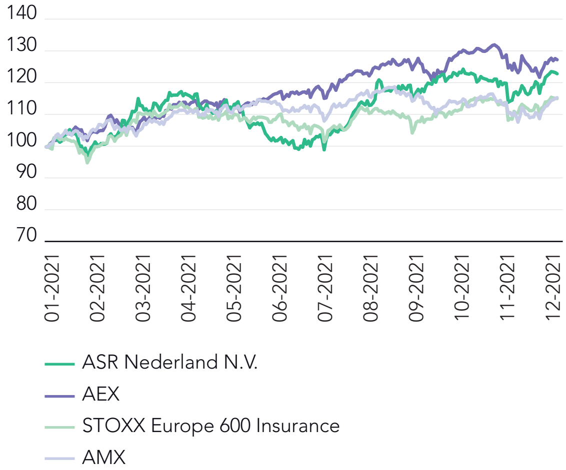
a.s.r. shares are held by an international and diversified shareholder base. By the end of 2021, based on public filings and company information, institutional investors in North America and the United Kingdom (UK) and Ireland, will represent the majority of a.s.r. shareholders, who own approximately 54% of the outstanding shares. The remainder is held mainly by investors based in the Netherlands, Germany, France, Norway and the rest of Europe. A limited number of the shares are held by retail investors in the Netherlands.

## Major shareholders

Dutch law requires shareholders to report their holdings in Dutch-listed companies to the AFM if they exceed 3% of total outstanding share capital (and certain higher thresholds). As per 31 December 2021, BlackRock held a shareholding a.s.r. of more than 5% and Norges Bank, Citigroup, Janus Henderson Group, Ninety One, Dimensional Fund Advisors, BNP Paribas Asset Management, Amundi Asset Management, Samlyn Capital, Acadian Asset Management and Fidelity Management & Research held a shareholding in a.s.r. of more than 3%.

## Shares and share price performance

At the end of 2021 the share price stood at € 40.50 (2020: € 32.85). Total shareholder return amounted to 30.4% in 2021 (including a dividend reinvestment in a.s.r. shares) and amounted to 175% since the IPO in 2016. The Euronext AEX Index, Euronext AMX Index and the STOXX Europe 600 Insurance Index appreciated by respectively 30.5%, 18.5% and 21.1% in 2021.




### Share price performance

| In € | 2021 | 2020 |
|---|---|---|
| Starting price as at 1 January | 32.85 | 33.36 |
| Highest closing price | 40.98 | 37.66 |
| Lowest closing price | 31.92 | 18.46 |
| Closing price as at 31 December | 40.50 | 32.85 |
| Market cap as at 31 December (€ million) | 5,500 | 4,531 |
| Average daily volume shares (numbers) | 463,387 | 635,603 |

a.s.r. is included in the following indices:

- AEX Index between 19 March 2018 until 20 December 2021 and thereafter part of the AMX Index.
- DJSI World Index, since 23 November 2020 and in the DJSI Europe Index since 12 November 2021.
- FTSE4Good Index Series, confirmed on 5 August 2020.
- Ethibel Sustainability Index (ESI) Excellence Europe, confirmed on 8 May 2020.
- Euronext Vigeo Eiris (Eurozone 120), confirmed on 29 May 2020.
- Bloomberg Gender Equality Index, since 26 January 2022.
- a.s.r. is also included in several MSCI indices and ISS indices.

## Analysts

a.s.r. is actively covered by research analysts and bank / brokers. 18 equity analysts have a price target and recommendation on the share price of a.s.r. with an average price target of € 45.27 per year-end 2021 and 11 buy recommendations and five hold recommendations. Two analysts changed broker and are expected to initiate coverage on a.s.r. in 2022.

## Bonds

a.s.r. has four debt instruments outstanding for a total nominal amount of € 2 billion, one Restricted Tier 1 (RT1) for € 500 million and three Tier 2 bonds for € 500 million each.

### Bonds

| | Nominal value | Coupon | First call date |
|---|---|---|---|
| Perpetual Tier 2 Capital Securities | € 500 million | 5.000% | 30 September 2024 |
| Fixed to fixed Tier 2 Capital Securities | € 500 million | 5.125% | 29 September 2025 |
| Perpetual Restricted Tier 1 Capital Securities | € 500 million | 4.625% | 19 October 2027 |
| Fixed to fixed Tier 2 Capital Securities | € 500 million | 3.375% | 2 May 2029 |

## Credit ratings

a.s.r. is rated by Standard & Poor's (S&P). In 2021, a.s.r. had several conference calls with the rating agency to discuss developments both at a.s.r. itself and in the Dutch insurance market. This resulted in a comprehensive S&P analysis report on a.s.r. on 14 September 2021, which confirmed the ratings and outlook. The single A rating of the insurance entities has applied since 29 September 2008, and the stable outlook since 23 August 2012.

More information on a.s.r.'s bonds and ratings can be found on www.asrnl.com.

### Credit ratings

| Standard & Poor's | Type | Rating | Outlook | Since |
|---|---|---|---|---|
| ASR Nederland N.V. | CCR | BBB+ | Stable | 15 May 2014 |
| ASR Levensverzekering N.V. | CCR | A | Stable | 23 August 2012 |
| ASR Levensverzekering N.V. | IFSR | A | Stable | 23 August 2012 |
| ASR Schadeverzekering N.V. | CCR | A | Stable | 23 August 2012 |
| ASR Schadeverzekering N.V. | IFSR | A | Stable | 23 August 2012 |
| | | | | |
| Perpetual Tier 2 Capital Securities (5.000%) | | BBB- | | 16 September 2014 |
| Fixed to fixed Tier 2 Capital Securities (5.125%) | | BBB- | | 29 September 2015 |
| Fixed to fixed Tier 2 Capital Securities (3.375%) | | BBB- | | 1 May 2019 |
| Perpetual Restricted Tier 1 Capital Securities (4.625%) | | BB+ | | 18 July 2019 |

## ESG ratings

a.s.r. is rated by several ESG research agencies. These agencies provide a.s.r. with external recognition for its realisation of its group targets including non-financial targets. These agencies also benchmark a.s.r. to its peers. Sustainalytics, S&P Global (Dow Jones Sustainability Index) and Moody's ESG (Vigeo Eiris) in 2021 improved their rating on a.s.r., which led to a continued strong position in these benchmarks. The ratings of MSCI and the Carbon Disclosure Project (CDP) also improved to A and B respectively. The rating at FTSE4Good decreased with 0.2 points, while the rating of ISS Oekom remained the same.

### ESG ratings

| | Score low | Score high | 2021 | 2020 |
|---|---|---|---|---|
| Dow Jones Sustainability Index[1] | 0 | 100 | 86 / #8 | 82 / #10 |
| MSCI | CCC | AAA | A | BBB |
| Sustainalytics ESG Risk Rating | 100 | - | 10.0 / #1 | 14.7 / #5 |
| Carbon Disclosure Project | D- | A | B | C |
| Vigeo Eiris | 0 | 100 | 61 / #5 | 60 / #6 |
| ISS Oekom | D- | A+ | C (prime) | C (prime) |
| FTSE4Good | 0 | 5 | 4.1 | 4.3 |

More information on a.s.r.'s ESG ratings can be found on www.asrnl.com.

## Sustainable asset management

a.s.r. invests approximately € 75 billion. A large proportion of that is intended to enable a.s.r. to meet future obligations to clients. Of which € 28 billion is invested for third parties. Investing an estimated € 20 million, the Netherlands Red Cross is one such party.

When the Red Cross had to choose an asset manager in 2021, a.s.r. was quickly chosen. Wilco van Wijck, manager Finance & Control of the Red Cross explains why: 'a.s.r.'s vision on the Sustainable Development Goals and issues such as child labour is in line with our principles. The fact that our money is invested sustainably and does not lose its value in the future, is more important to us than the pursuit of high returns.'.

A short clip on the choice made by the Red Cross can be found at www.asrvermogensbeheer.nl.

1 DJSI Europe Index: #6, DJSI World Index: #8

# 3.6 **Role in** society

**As a financial service provider, a.s.r. believes it is important for all people to have financial continuity and the ability to take risks responsibly. This means they can make conscious financial choices, so that they can keep their finances in order in the long and short-term. So that they can be financially self-reliant.**

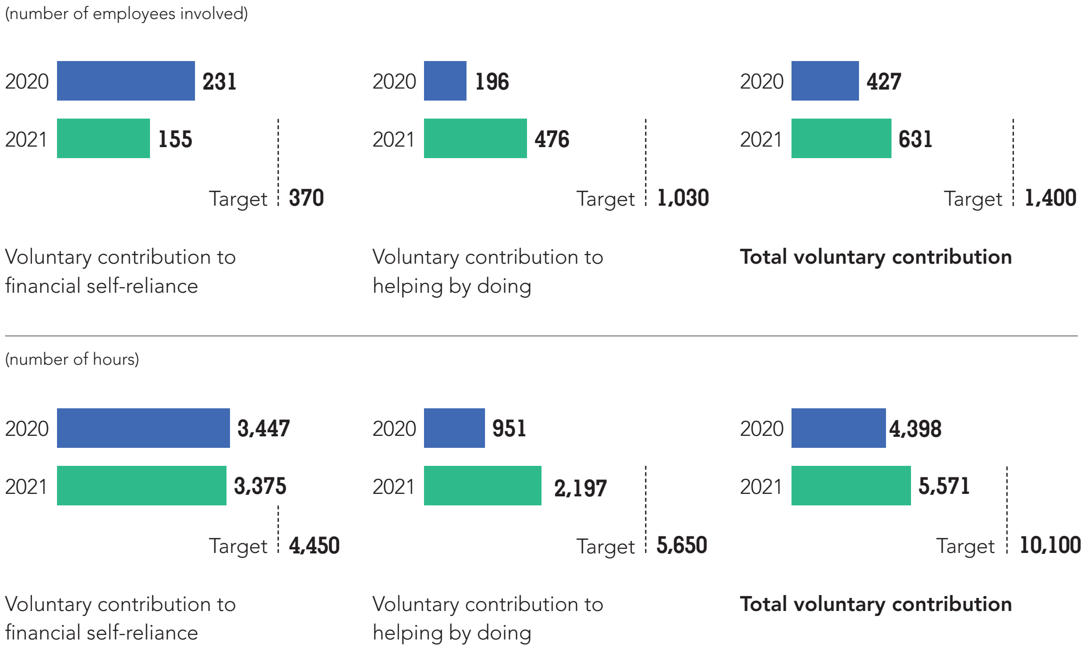
Some people do not find this easy and need help. The core products of a.s.r. already assist customers in this way, but additionally a.s.r. initiates projects which help all people to make conscious financial choices. Numeracy and literacy and the ability to manage money and keep good financial records are all part of this. It is a.s.r.'s aim to prevent people getting into debt, or to help them resolve it. Given the considerable debt burden that one in five households in the Netherlands has to contend with, there is a clear need for this.

## 3.6.1 **a.s.r. foundation**

a.s.r. foundation encourages a.s.r. employees to devote themselves to social causes alongside their work, whether individually, in teams or at home. a.s.r. makes available working time and financial resources for this purpose each year.

a.s.r. foundation focuses its activities on:
- Financial self-reliance: language development and teaching to promote the financial education of children and young people, and supporting households at risk of or in debt.
- Helping by doing: by inspiring, motivating and mobilising a.s.r. employees to engage in community activities in a broad sense.

**Total contribution to a.s.r. foundation**




**Financial self-reliance**
At least 40% of Dutch people struggle with their financial administration. A disorderly administration increases the risk of getting into debt[1]. This is why a.s.r. foundation supports households with (a risk of) problematic debts.

As many as half of the people with financial problems are designated with low literacy. If a child grows up in a language-rich environment, there is less chance of their developing low literacy[2]. a.s.r. foundation is therefore keen to contribute to language development of children.

1 Source: Financiële administratie in een digitaal tijdperk, Nibud (2018)
2 Source: Lezen ≠ Begrijpen, RUG and Stichting Lezen & Schrijven (2018)

People who do not learn how to manage money during their childhood are twice as likely to run into payment arrears and three times as likely to have payment problems as adults. a.s.r. foundation therefore considers financial education for children and young people to be important and helps parents with the financial education of their children[1].

**Activities a.s.r. foundation**
(in numbers)

**38**

**2020: 12**

### Helping by doing
There are many vulnerable groups in the Netherlands who could use a helping hand. The social organisations that work on their behalf often depend on volunteers to be able to do something extra. a.s.r. foundation encourages colleagues to volunteer for such activities. Employees can engage in social activities either individually or as part of a team. 2021 knew multiple lockdowns but despite the COVID-19 measures a.s.r. foundation organised 38 activities (2020: 12). Colleagues who volunteer privately to work on behalf of a social organisation can be given help by a.s.r. foundation in the form of an incentive plan, 18 incentives plans were filed and 43 employees were involved.

### Developments
Due to the COVID-19 measures, the voluntary commitment of employees has been under great pressure. a.s.r. put the safety and health of its employees and the people who need help first. Many of the planned activities at schools and social organisations could not take place. a.s.r. did, however, help speed up the conversion of training courses and workshops to digital programmes.

The support in getting the financial administration in order has also continued as much as possible, especially through digital contact moments and a newly established digital training week on debt management during and after COVID-19. Despite all the digital adjustments a.s.r. foundation did not succeed in matching the hours of 2019. The COVID-19 measures are still active in the beginning of 2022 and as such the target for 2022 has been lowered to 8,750 hours of voluntary employee contribution to local society.

## Social partnership

One of the three themes in which a.s.r. has the greatest social impact is increasing people's financial self-reliance. a.s.r. believes it is important for everyone to be able to make conscious financial choices and assess their financial risks. a.s.r. foundation therefore devotes a great deal of attention to developing and encouraging people's financial self-reliance.

One of the initiatives is the partnership with FC Utrecht Maatschappelijk, which aims to improve the financial awareness of inhabitants of the province of Utrecht.

In 2021, a.s.r. helped prepare FC Utrecht youth players to be financially self-reliant through workshops. The club's football players played a money quartet at primary schools with pupils. One of the players recorded a vlog with teacher-YouTuber Marijke in which they played the game Truth or Dare, with all kinds of questions about finances. During Money Week, children from group 5 to 8 in primary education could talk to their teacher about how to handle money after watching the vlog. FC Utrecht and a.s.r. are happy with the cooperation. It has therefore been extended by two years in 2021.


1 Source: Financiële opvoeding en gedrag als volwassene, Nibud (2016)

# 4 Business performance

## Climate change

a.s.r. contributes to reductions in carbon emissions and keeping the burden on the environment as low as possible through the sustainable investment of premiums, opting for impact investments, offering customers sustainable products and services and encouraging them to opt for sustainable solutions in the event of damage.

# 4.1 Group and segment performance


### Operating result
(in € million)

**1,021** ↑

2020: **885**

### Gross written premiums
(in € million)

**5,859** ↑

2020: **5,276**

### Operating expenses
(in € million)

**-725** ↑

2020: **-701**

### Result before tax
(in € million)

**1,209** ↑

2020: **829**

### Operating return on equity
(in %)

**16.3** ↑

2020: **15.3**

### Solvency II ratio
(standard formula, in %)

**196** ↓

2020: **199**

### Organic capital creation
(in € million)

**594** ↑

2020: **500**

### Dividend per share
(in €)

**2.42** ↑

2020: **2.04**

## 4.1.1 ASR Nederland N.V.

The a.s.r. group consists of a number of operating and holding companies. The operations of a.s.r. are divided into five operating segments, the main ones being Non-life and Life, which perform all insurance activities. The other activities are performed by three separate segments; Asset Management, Distribution and Services, and Holding and Other.

### Operating result

The operating result increased by € 136 million to € 1,021 million (2020: € 885 million). This significant increase reflects improvements in all segments.

The (indicative) impact of COVID-19 amounted to € 77 million (2020: € -1 million), primarily driven by lower claims in Property & Casualty (P&C) and a limited benefit in Health, partly offset by higher claims in Disability and lower direct investment income.

### Operating result per segment

The Non-life operating result increased by € 84 million to € 325 million. This was mainly driven by an improvement of the claims ratio in Disability and profitable organic growth in all three Non-life business lines. In addition, within P&C, restrictions with regard to the COVID-19 pandemic resulted in lower claims, partly offset by the claims related to the July floods in Limburg (€ 20 million) and the strengthening of reserves (primarily related to motor vehicle liability) in the first half of the year.

The Life operating result increased by € 33 million to € 763 million. The investment margin improved by € 62 million to € 682 million (2020: € 620 million) mainly driven by further optimisation of the investment portfolio and lower required interest. The technical result decreased by € 30 million, reflecting lower result on disability cover in pensions as well as the regular run-off of the Individual life portfolio.

The operating result of Asset Management increased by € 4 million to € 36 million, mainly driven by higher third-party assets under management (AuM), particularly in the mortgage funds and the mix funds of the a.s.r. Pensions DC product (Werknemers Pensioen).

The Distribution and Services operating result increased by € 2 million to € 28 million, mainly driven by acquisitions, expansion of services provided and tariff adjustments.

The operating result of Holding and Other improved by € 13 million to € -130 million, driven primarily by lower operating expenses due to the introduction of a DC pension scheme for a.s.r. employees.

### Gross written premiums

Gross written premiums (GWP) increased by 11.1% to € 5,859 million (2020: € 5,276 million). The Non-life segment increased by 13.2%, to € 4,124 million (2020: € 3,643 million) due to organic growth of P&C and Disability (5.2%) and organic growth in Health (38%), the latter due to a substantial growth in the number of customers. The Life segment increased by 4.6%, to € 1,893 million (2020: € 1,810 million) driven by strong growth in Pensions DC.

### Operating expenses

The operating expenses increased by € 24 million to € 725 million (2020: € 701 million). This increase reflects the inclusion of various acquisitions, comprising several smaller acquisitions in the Distribution and Services segment (€ 16 million) and the acquisition of Brand New Day IORP as of 1 April 2021 (€ 6 million).

Excluding the impact of acquired businesses, operating expenses remained fairly stable and offset additional (run) costs of several new growth initiatives. The expense ratio in the Non-life segment (excluding Health) improved by 0.1%-points to 8.0% (2020: 8.1%) partly due to revenue growth and IT synergies from the integration of Loyalis and Veherex. In the Life segment, the operating expenses in basis points (bps) of the basic Life provision remained stable at 45 bps (2020: 45 bps), which is at the lower end of the target range (45-55 bps).

### Result before tax

The result before tax increased by € 380 million to € 1,209 million (2020: € 829 million), mainly due to the higher operating result (€ 136 million) and higher indirect investment income (€ 107 million), reflecting fair value gains / losses and capital gains and losses, the recovery on the financial markets and several non-recurring items in 2020.

With an effective tax rate of 22.4% (2020: 20.7%), net IFRS profit amounted to € 942 million (2020: € 657 million).

### Operating return on equity

The operating return on equity increased by 1.0%-points to 16.3% (2020: 15.3%), exceeding the medium-term target range of 12-14%. The strong growth in the operating result was the main driver of this increase. The IFRS return on equity improved 3.6%-points to 15.3% (2020: 11.7%), primarily reflecting the higher IFRS net result.

### Solvency II ratio and organic capital creation

The Solvency II ratio, using the standard formula, decreased by 3%-points to 196% (31 December 2020: 199%), including a 10%-points deduction for the dividend (€ 329 million) and the share buyback (SBB) programme (€ 75 million) executed in 2021. The positive impact from higher interest rates and higher organic capital creation were offset by the deployment of capital in acquisitions as well as various market and operational developments (e.g. volatility adjustment (VA), Ultimate Forward Rate (UFR) and inflation).

Organic capital creation increased by € 94 million to € 594 million (2020: € 500 million), mainly due to the improved performance in the Non-life segment, which is partly driven by an incidental COVID-19 benefit, as well as an increase in investment returns.

### Dividend and capital distribution

In line with the dividend policy, a.s.r. proposed a dividend for 2021 of € 2.42 per share, an increase of 18.6% compared to 2020. Taking into account an interim dividend of € 0.82 per share paid in September 2021, the final dividend amounts to € 1.60 per share.

a.s.r. announced a € 75 million SBB programme, in line with its commitment for the 2019-2021 plan period. The buyback of shares starts on 24 February 2022 and will end on 24 May 2022 at the latest. The SBB programme falls within a.s.r.'s General Meeting of Shareholders' mandate granted to the Executive Board on 19 May 2021. a.s.r. will ask the General Meeting to cancel these shares in due course.

a.s.r. has appointed an independent broker to execute the SBB programme. The exact timing of the buyback will be determined by this broker, independently and without interference from a.s.r. The execution of the SBB programme depends on the market conditions. Based on the closing price of € 42.37 per 15 February 2022 and the amount of € 75 million as starting point, the number of shares to be bought would amount to 1,770,120.

The progress of the SBB programme will be announced weekly on a.s.r.'s website: www.asrnl.com.

## COVID-19

### Impact on financial results

| In € million | 2021 | 2020 | 2019 |
|---|---|---|---|
| Operating result | 1,021 | 885 | 858 |
| of which impact COVID-19[1] | 77 | -1 | - |
| Combined ratio | 91.8% | 93.6% | 93.5% |
| of which impact COVID-19[1] | 3.1% | 0.6% | - |
| Organic capital creation (OCC) | 594 | 500 | 501 |
| IFRS Net result | 942 | 657 | 972 |

Operating result in the years 2021 and 2020 excluding one-off COVID-19 impact, is above operating result of the year 2019. Even without the one-off COVID-19 impact, a.s.r. shows strong results for the years 2021 and 2020. These are mainly driven by a strong business performance in all segments and higher investment margins.

Excluding the positive COVID-19 impact in 2021, the COR for Non-life (P&C and Disability) remains strong and within the target range of 94-96%.

The increase of OCC mainly reflects the strong business performance of the various segments and the increased one-off positive effect of COVID-19, mainly in the Non-life segment.

The IFRS net result shows a volatile course over the years, partly due to the sentiment of financial markets. Especially the year 2020 was affected by lower indirect investment income, reflecting lower fair value gains and losses, capital gains and losses and increased impairments, with a visible recovery of financial markets in 2021.

The long-term effects of COVID-19 on society and results going forward is unknown and difficult to predict reliable. a.s.r. remains cautious for the effects in the longer term.

1 Indicative figures

## 4.1.2 Non-life segment

**Gross written premiums**
(in € million)

**4,124** ↑

2020: **3,643**

**Combined ratio**
(P&C and Disability, in %)

**91.8** ↑

2020: **93.6**

**Operating expenses**
(in € million)

**-269** ↑

2020: **-257**

**Operating result**
(in € million)

**325** ↑

2020: **241**

**Result before tax**
(in € million)

**357** ↑

2020: **261**

**P&C** brands

a.s.r.
Ditzo
een merk van a.s.r.
europeesche verzekeringen
een merk van a.s.r.

**Disability** brands

a.s.r.
Loyalis
een merk van a.s.r.

**Health** brands

a.s.r.
Ditzo
een merk van a.s.r.

The Non-life segment consists of Property & Casualty (P&C), Disability and Health. The main legal entities of the Non-life segment are ASR Schadeverzekering N.V., ASR Basis Ziektekostenverzekeringen N.V. and ASR Aanvullende Ziektekostenverzekeringen N.V.

## Financial performance

### Gross written premiums

Gross written premiums increased by 13.2% (€ 480 million) to € 4,124 million (2020: € 3,643 million), due to organic growth in all business lines. The total organic growth of Disability and P&C combined was 5.2% (€ 143 million), driven by increased sales volumes and tariff adjustments (mainly in Disability). The growth in Health of 38% (€ 338 million) reflects the commercial success of the recently introduced benefit-in-kind policy. In maintaining its financial discipline and pricing products rationally, a.s.r. benefited from an opportunity in the Dutch Health insurance market to grow profitably last year.

### Operating result

The Non-life operating result increased by € 84 million to € 325 million. This was mainly driven by an improvement of the claims ratio in Disability and profitable organic growth in all three business lines within Non-life.

The total (indicative) impact of COVID-19 was € 93 million (2020: € 21 million). Technical provisions for Disability were further strengthened this year due to revised expectations with regard to long-term COVID-19 related absenteeism, but to a lesser extent compared to last year, as well as a lower direct investment income primarily related to rental income.

**P&C market share in the Netherlands**
(in %, in 2020)

**14.3**

**2019: 14.3**

Lower claims in P&C, particularly in motor and fire, and a limited positive impact in Health, led to an increased positive impact overall.

The 2021 operating result includes the negative impact from claims due to floods in Limburg in the second half of the year (€ 20 million), in addition to the strengthening of reserves in P&C (primarily related to motor vehicle liability) in the first half of the year.

### Operating expenses

The operating expenses increased by € 12 million to € 269 million, while the expense ratio of the Non-life segment decreased by 0.5%-points. The expense ratio for Non-life (excluding Health) improved by 0.1%-points to 8.0% (2020: 8.1%). Growth of the premium volume in Disability and Health led to a limited increase in expenses.

### Combined ratio

The combined ratio (COR) of the Non-life segment (excluding Health) improved by 1.9%-points to 91.8%, mainly due to a decrease in the claims ratio. The claims ratio benefited from the COVID-19 impact (approximately 3%-points), this is more favourable than last year (2020: approximately 1%-point). This reflects a less adverse impact on Disability compared to 2020. The impact of the July floods and reserve strengthening, mainly in P&C, partly offset the positive COVID-19 impact.

In P&C, the COR amounted to 91.9% (2020: 92.5%). This reflects a favourable claims environment, particularly in motor and fire, primarily driven by COVID-19 related restrictions in the Netherlands. There was a negative impact from reserve strengthening, primarily related to motor vehicle liability, including the effect from a further, sector-wide, lowering of the actuarial interest rate for personal injury.

In Disability, the COR amounted to 91.6% (2020: 95.1%). The underlying performance improved, thanks to pricing actions and improvements made in the sickness leave portfolio via claims control and a further focus on prevention and re-integration. Reserves were strengthened in group disability and sickness leave, reflecting new insights into the impact of long-term (psychological) absenteeism after falling ill to COVID-19. However, this impact is less severe than last year.

The COR of Health improved by 1.6%-points to 96.2%. The improvement was mainly due to a strong underlying business performance driven by profitable growth of the portfolio. The COVID-19 related contribution from the Health insurance fund, based on Section 33 of the Health Insurance Act, was slightly positive.

### Result before tax

The result before tax increased by € 97 million to € 357 million (2020: € 261 million) and was largely in line with the increase in the operating result (€ 84 million). Indirect investment income increased by € 16 million due to lower impairments.

## P&C

a.s.r. ranks among the top three P&C insurers in the Netherlands, with a market share of 14.3%[1] in 2020 (2019: 14.3%), measured by GWP. a.s.r. offers a broad range of P&C products for the private and commercial markets under the brands a.s.r., Ditzo and Europeesche Verzekeringen. The a.s.r. brand focuses on the private and commercial markets via advisors and mandated brokers, and Ditzo on direct online distribution to private individuals. Europeesche Verzekeringen offers travel and recreational insurance via travel agents. In 2021, the COR was 91.9%, partly due to a lower amount of claims (as a result of COVID-19 measures, e.g. lock down, working from home, less travel).

**Combined ratio P&C**

(in %)


1 Source: Market shares DNB 2020, market shares 2021 not available yet.

## Market

The Dutch P&C market has consolidated strongly in recent years. The three top P&C insurers have a combined market share of 64%[1]. Consolidation has also occurred among the distribution parties and mandated brokers. COVID-19 led to a lower level of claims in the Dutch market, in particular for road accident claims. However, risks are rising due to climate change, as shown by the losses for flooding claims in Limburg and amount of single claim rises due to higher inflation. Another aspect of COVID-19 is the acceleration in digitisation, as the government measures led to greater use of digital means of communication for e.g. online shopping and video calls. This creates opportunities for further digitisation of customer service commission by insurers and their distribution partners, such as more online distribution, the use of My environments (customer portals), advice via video calls and the use of live chats.

A relevant market development is that the Minister of Finance intends to make service commission for private P&C insurance transparent by the end of 2022. This means that advisors will be required to actively inform customers of the nominal amount of commission per product and per person. This could provide a stimulus for change in the distribution landscape.

The direct claims settlement regulation (covenant) entered into force on 1 July 2021. Insurers must ensure that private customers can contact their own insurers for compensation for their material damage to a passenger car after a collision.

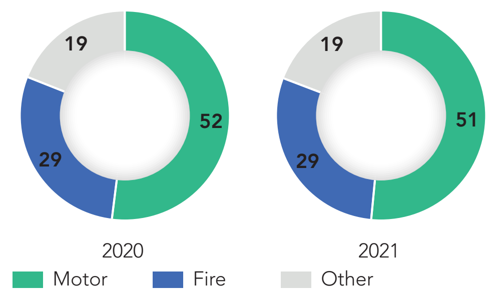
## Products

a.s.r. offers a wide range of P&C products in the private and commercial markets. This includes products in the following categories:

- Motor: third party and comprehensive insurance for vehicles and vehicle fleets.
- Fire: cover for damage to buildings and contents due to causes including fire, storm and secondary flood.
- Other: other P&C insurance products such as liability, legal aid, travel and recreation, and transport insurance.

**Product share P&C**

(in %)




## Strategy and achievements

a.s.r. holds a strong position in the Dutch P&C insurance market. P&C is structurally profitable, with a good customer appreciation score. The growth target is in line with the growth of the gross domestic product (GDP).

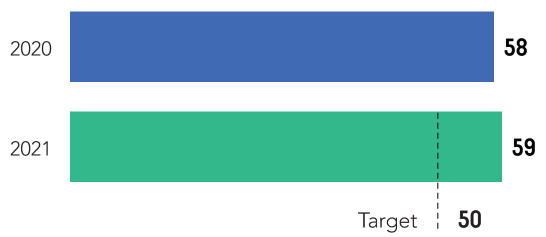
a.s.r. is strongly represented among advisors, mandated brokers and in the co-insurance market, via Corins. In the direct channel the revenue of a.s.r. (via the Ditzo label) is stable and profitable. COVID-19 is also having an impact on the travel market and consequently, on the turnover of Europeesche Verzekeringen. a.s.r. began offering sustainable P&C insurance at the end of 2021, via ASN Bank (see www.asrnl.com for more information).

Simplifying and modernising the IT landscape is an important part of the strategy. In 2021, the P&C platform AXON was set up for the commercial products and the commercial portfolio was converted from the old IT landscape to AXON. The entire provincial independent advisors portfolio is now on the AXON platform. This is an important basis for further digitisation of the chain, improvement of service commission to customers and advisors, and for cost reduction.

Through further digitisation, the My environment for customers has been expanded. At the end of 2021 over 80,000 customers are digital customers and have created accounts for the My environment (2020: around 25,000 digital customers). Customers assign P&C a NPS-c score of 59.

**NPS-c P&C**

(-100 to +100, only the a.s.r. brand)




New sustainable elements are continually added to a.s.r.'s products and services. Cover for solar panels, charging units, (mini) wind turbines, heat pumps, green roofs and secondary flooding is already available. For damage repair, a.s.r. works with a sustainable repair network (affiliated to Stichting Groen Gedaan). Business customers receive sustainability advice during the risk inspection. The acceptants consider here whether risks that are more difficult to insure from a technical insurance point of view, but that have a strong positive impact on climate change, can nevertheless be insured, partly in order to stimulate such initiatives. To encourage customers to improve the sustainability of their homes, a.s.r. has set up a content platform in partnership with PorteRenee.nl. The platform provides content to customers on how to save energy (and money).

## Outlook for 2022

P&C expects further growth of the portfolio, by 3-5% per annum, with growth opportunities primarily in the commercial market and via ASN Bank. The COR target (combined with Disability) for 2022 is 93-95%. In order to strengthen its position in the commercial market, a.s.r. will further improve and simplify the business proposition.

1 Source: Market shares DNB 2020, market shares 2021 not available yet.

a.s.r. aims to take major steps towards further digitisation of the chain, in order to improve its customer service. The My environment for customers will be further expanded and further digitisation of the claims handling process is planned. This will enable more customers to register as digital customers. Products and services will become more sustainable, partly through further stimulation of sustainable damage repair (e.g. replacement with refurbished items) and the addition of new sustainable cover for brand products, such as tiny houses and other buildings. a.s.r. is investigating possibilities for setting up its own repair chain for damage to buildings. a.s.r. has ambitious plans to realise a fully sustainable product range by 2025.

## Disability

a.s.r. is the market leader in the Disability segment measured in GWP. In 2020 a.s.r. had a market share of 30.6%[1]. The disability insurance market amounts to € 3,921 billion[1]. The COR of Disability fell to 91.6% (2020: 95.1%) despite considerable efforts to reduce cost of claims in all product lines, including absence insurance and cost control.

**Combined ratio Disability**

(in %)


### Market

The distribution of disability insurance mainly takes place via independent advisors. a.s.r. holds an excellent position in the distribution market for small and medium-sized enterprises (SMEs). With the Loyalis brand, a.s.r. also has a strong position in the wholesale sector. Distribution via mandated brokers has risen sharply between 2016 and 2020, from € 305 million to € 600 million, which is 15% of the market[2]. At a.s.r., 23%[3] of the GWP takes place via mandated brokers.

In the current coalition agreement, reference is made to the pension agreement for working out the details of the compulsory insurance. The advice from the Stichting van de Arbeid (Labour Foundation) is used for further completion of the current disability insurance policies and opt-out for new customers. The sector is in constructive consultation with the various stakeholders via the Verbond van Verzekeraars.

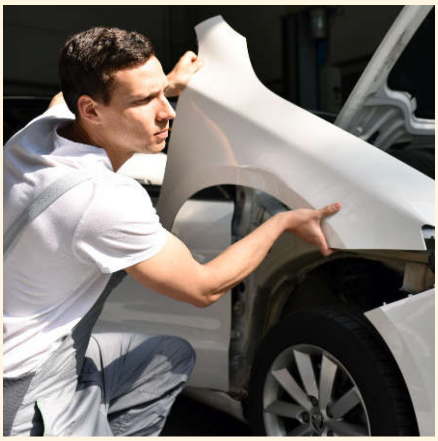
## Sustainable repair of damage to vehicles and fire damage to property

As a sustainable insurer, a.s.r. encourages customers to opt for sustainable repair in the event of damage rather than replacing parts or items. Research by CE Delft shows that the climate impact of repair is three to six times lower than that of replacement.

For damage repair, customers can make use of a nationwide network of sustainable companies with the Groengedaan! label of Stichting Duurzaam, which was co-founded by a.s.r., or that are members of the Schadegarant network.

These companies use environmentally friendly means, they reuse materials, consume less energy and process residual waste in a sustainable manner, including through separation. A large part of all damage to vehicles and fire damage to property such as electronics, wooden floors, sanitary facilities, furniture and window frames can be repaired sustainably. Repair is often faster and is better for the world.

A monitoring dashboard was developed to measure progress on the target on sustainable repair. The first data was available in the fourth quarter of 2021. In this quarter over 4,500 damage incidents were sustainably repaired. The target set is to increase the percentage of sustainable repair to vehicles and property to 85% and 50% respectively, of all repairable (fire) damages in 2025.



1 Source: Market shares DNB 2020, market shares 2021 not available yet.
2 Source: Marktrapport Volmachten 2020 Verbond van Verzekeraars and NVGA
3 Source: PM report

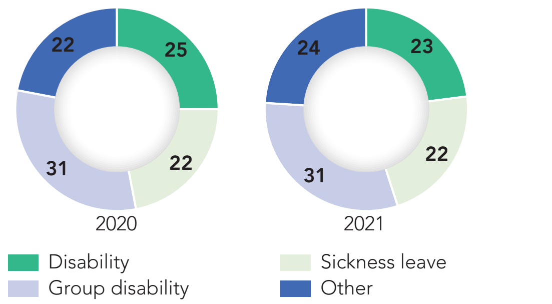
## Products

In the disability insurance market a.s.r. offers different products divided among the following product lines:

- Individual disability: products for self-employed persons to protect themselves against loss of income in the event of sickness or disability until the age of retirement and products for employees to protect:
  - The payment of fixed expenses in the event of sickness or disability.
  - To cover loss of income above the wage limit in the event of sickness or disability.
- Sick leave insurance: products for employers to cover the costs associated with the employers' obligation to continue to pay wages in the event of employee sickness for a maximum of two years.
- Group disability:
  - Products for (very large) employers to cover their own risk carrier status under the Return to work (Partially Disabled) Regulations (WGA).
  - Products for the benefit of employees (taken out by employers) to cover loss of income due to an inability to (fully) perform work as a result of disability as defined by the Work and Income Act (WIA).

**Product share Disability[1]**

(in %)




## Strategy and achievements

In 2021, the recently-formed (autumn of 2020) a.s.r. reintegration business further expanded its services, thereby increasing its responsibility for promoting sustainable employability for businesses and their employees. In December, an external audit showed that the quality management system complies with ISO requirements. This makes the a.s.r. reintegration business the first business line with an ISO 9001 certificate. a.s.r. has a long service record of good support for the self-employed and their businesses through close cooperation between claims handlers, medical consultants and occupational health and safety experts. In April 2021 a.s.r. discontinued the De Amersfoortse brand and all activities were successfully transferred to the a.s.r. brand.

The NPS-c of Disability increased to 60 in 2021 (2020: 58).

**NPS-c Disability**

(-100 to +100)


The NPS score for the independent advisors for the business operations for Individual Disability is +32 (2020: +31)[2]. For Group Disability the NPS score is +14 (2020: +12)[2].

In 2021, in addition to the further development of commission for prevention and reintegration in the event of sickness and disability, major efforts were made to increase digitisation and automation of customer processes. This generates fewer paper flows and is more convenient for customers. Examples of this include the development of the My environment for individual insurance and the implementation of salary links for uniform administration of participants for Sickness Leave and Group Disability insurance. Digital links were also created between the occupational health and safety service and a.s.r. To contribute to a uniform administration of sickness leave for both a.s.r. and the registered chain partners.

In 2021, a.s.r. called attention to the growing problem of absences for mental health reasons in a large-scale campaign, with a specific focus on early identification of signs that could indicate a burn-out, preventing sickness leave. The widespread attention that the campaign attracted, including in the media, confirms the social importance of this theme.

## Outlook for 2022

No impactful changes in social security that will affect the insurance portfolio are expected in Disability in 2022. Disability expects further growth of the portfolio, by 3-5% per annum, the COR target (combined with P&C) for 2022 is 93-95%. Disability will continue to focus on the ecosystem of sustainable employability, with the aim of remaining the market leader by continuing to monitor the market critically and aiming for chain integration.

1 Source: PM report fourth quarter 2021
2 Source: IG&H performance monitor Disability

## Health

With a market share of 3.6% (2020: 2.4%)[1], a.s.r. was the sixth largest provider of health insurance products in the Dutch market in 2021, measured by the number of customers. The market share of the four biggest health insurers remained virtually unchanged from the year before, at 85%. a.s.r. saw the biggest rise in market share in 2021 (+41.2%), partly due to the combination of competitive premiums and products and services such as a.s.r. Vitality and its image as a sustainable insurer. In 2021, a.s.r. offered its health insurance under the De Amersfoortse and Ditzo brands until 19 April 2021. Per this date the disability and health insurance of the De Amersfoortse were offered under the a.s.r. brand. De Amersfoortse as a separate brand no longer exists.

The COR of Health improved by 1.6%-points to 96.2% (2020: 97.7%). This improvement is partly due to an increase of in-kind policies and a COVID-19 benefit.

**Combined ratio Health**

(in %)


As in 2020, COVID-19 again placed enormous pressure on the Dutch health system in 2021. Together with other health insurers, a.s.r. took measures to secure the continuity of health care, the duty of care and the information supply to its insured parties. As a result of solidarity agreements, the extra costs resulting from COVID-19 were evenly divided among health insurers.

### Market

The health insurance market in the Netherlands comprises two product types: basic insurance and supplementary insurance. The market is highly regulated, with all Dutch residents obliged to take out basic health insurance. Basic coverage has limited variations across all insurers, since it is a statutory requirement and the content is prescribed by the government. Although supplementary insurance coverage is not obligatory, 84.9% of the market opted for a form of supplementary health insurance in 2021. Health insurance contracts are taken out on an annual basis. Generally, 6-7% of customers switch between health insurance providers each calendar year. This trend has been relatively stable over the past five years. In 2021, the number of customers that switched was 1.1 million, i.e. 6.5%[1].

Insurers are obliged to accept as a policyholder any person who is statutory obliged to have basic health cover. This is enabled by a government-run system of risk spreading, which provides compensation to insurers in relation to the expected healthcare costs in their customer base. Both government and the health insurance sector are constantly seeking to improve the system of risk-based cost compensation.

### Products

a.s.r.'s health insurance product range can be divided into the following categories:

- Basic health insurance which provides broad coverage of healthcare costs, the contents of which are prescribed by the government on an annual basis. a.s.r. offers three types of basic health insurance:
  - in-kind policy
  - restitution policy
  - combination of in-kind and restitution
- Supplementary health insurance which covers specific risks not covered by basic insurance, such as the costs of dentistry, physiotherapy, orthodontics and medical support abroad.

An in-kind policy, under which all healthcare costs are covered by the basic insurance if the insured party goes to a contracted healthcare provider, is the most common kind of policy on the Dutch market: 77%[1] of the insured population have an in-kind policy. An in-kind policy is also referred to as contracted care. In 2021, 59% of a.s.r.'s healthcare customers had an in-kind policy.

### Strategy and achievements

The Health strategy was revised on 1 January 2021. With this, a.s.r. aims to realise ambitions and build on the transition to a healthcare business that works for a generation of customers who opt for a healthy lifestyle. Offering different health services, including a.s.r. Vitality, is intended to help and motivate people to care for their own health. By switching from reactive to more proactive customer contacts, a.s.r. can work to help customers more effectively, encourage them to make their own health choice and provide them with a more positive experience and better service.

Health aims to encourage its customers to make good choices. An example of this is the four-month participation campaign during the 2020-2021 healthcare season, in which, via a.s.r. Vitality, a.s.r. offers all its customers (new and existing) four months free access to the Vitality programme on the contracting or renewal of their health insurance. In addition, the Doorgaan proposition is a unique combination of healthcare insurance, disability insurance and services aimed at vitality and sustainable employability for entrepreneurs and their employees and provides products and services for their mental and physical wellbeing. With the focus on health and vitality, rewarding healthy choices and sustainable employability, a.s.r. aims to play a role in improving the lives of individuals and of society as a whole. New health services were introduced for both brands in 2021. One example is the Ditzo Running Programme, in which a.s.r. aims to raise customer enthusiasm for running and to encourage customers to exercise.

In 2021, a.s.r. launched a partnership with Arts & Zorg (Physician & Healthcare) to enable smart healthcare choices for its customers. A pilot programme will be

1 Source: Zorgthermometer Verzekerden in Beeld 2021

set up to allow insured parties to make more use of the healthcare digital channels. This responds to the increasing customer demand to obtain more healthcare or advice digitally, and to find a solution for the growing shortage of general practitioners.

Health customers are increasingly price sensitive and active online. a.s.r. devotes close attention to an optimal customer experience. It puts considerable effort into improving customer contacts by organising these quickly and efficiently with the aid of digitisation. One example of this is the introduction of Live Chat, an accessible live chat function with which customers receive immediate assistance and fast and clear answers to questions. a.s.r. devotes a great deal of time and energy into the evaluation of its products and services, in order to remain a customer-oriented organisation.

With an NPS-c score of 49 in 2021 (2020: 49), customer satisfaction of Health remained stable.

**NPS-c Health**

(-100 to +100)


## Outlook for 2022

a.s.r. expects COVID-19 to continue and to again have an impact on society as a whole, and the healthcare sector in particular in 2022. The focus of the healthcare insurer remains on compliance with the duty of care and on helping customers and employees to take care of their health as far as possible. Digitisation and customer convenience are also subjects that will receive attention in 2022. Finally, efforts will continue to improve the customer experience and to enthusing customers with information, products and services, including in the fields of health and vitality. In the healthcare market, price competition is increasing. Competitors are willing to use equity capital to increase their market share. This most probably will lead to market share loss in the healthcare season as not all customers that a.s.r. won last year will stay at a.s.r.

## a.s.r. Vitality

a.s.r. Vitality is the health programme through which a.s.r. encourages and motivates customers and employees to exercise regularly and live healthier. Participants who meet their exercise targets can receive weekly, monthly and annual rewards.

In practice, it turned out that weekly targets were often met after a few days of exercise and therefore did not encourage daily exercise as much as hoped for. It meant that the balance between exercise and reward was not optimal. For this reason, a.s.r. Vitality made adjustments to both sides of the model, improving the balance.

Changing the exercise targets and adding new ways to earn points (such as cycling and yoga) aim to challenge participants to exercise daily. As a result of the changes, customers have to move more often in order to be eligible to receive rewards, such as a cashback on their insurance contribution or to earn back the purchase value of their activity tracker.

The changes have created unrest among some of the participants, which in hindsight is understandable. a.s.r. should have explained the changes better and customers should have been informed earlier about adjustments to the exercise targets.

For this reason, a.s.r. Vitality offered existing participants leniency with respect to the monthly and annual remuneration agreements made at the start of their participation. The new exercise targets apply to new participants.

## 4.1.3 Life segment

| Gross written premiums (in € million) | Operating result (in € million) | Operating expenses (in € million) |
|---|---|---|
| 1,893 ↑ | 763 ↑ | -173 ↑ |
| 2020: 1,810 | 2020: 730 | 2020: -171 |

| Cost / premium ratio (APE) (in %) | New Business APE (in € million) | Result before tax (in € million) |
|---|---|---|
| 9.5 ↑ | 151 ↑ | 981 ↑ |
| 2020: 9.1 | 2020: 124 | 2020: 747 |

**Life & Pensions** brand

a.s.r.

**Funeral** brand

ardanta
uitvaartverzekeringen
een merk van a.s.r.

The Life segment comprises the life insurance businesses Pensions, Individual life and Funeral. The segment offers insurance policies that involve asset accumulation, immediate (pension) annuities, asset protection, term life insurance and funeral expenses insurance. Its customers are individual consumers and companies. The market share of Life in 2020 was 14.8% (2019:13.2%)[1] measured in GWP.

## Financial performance

### Gross written premiums
The gross written premiums increased by € 82 million to € 1,893 million (2020: € 1,810 million), mainly due to the strong increase in recurring premiums in defined contribution (DC). The Pensions DC product Werknemers Pensioen (Employee Pension) continued its commercial success this year as the number of active participants increased to almost 130 thousand (2020: almost 104 thousand) and recurring premiums rose by € 172 million (37%) to € 634 million, including the own pension scheme for a.s.r. employees.

### Operating result
The operating result increased by € 33 million to € 763 million (2020: € 730 million), mainly due to the investment margin, which more than offset a decreased technical result.

The investment margin improved by € 62 million to € 682 million (2020: € 620 million), mainly driven by further optimisation of the investment portfolio, resulting in higher investment income and less adverse COVID-19 effects on investment income. Lower dividends from real estate funds, including rental discounts, were partly offset by increased dividend income. The required interest on technical provisions decreased due to the regular run-off in the Individual life portfolio. In addition, the technical result decreased by € 30 million, reflecting lower result on disability cover in pensions as well as the regular run-off of the Individual life portfolio.

The total negative (indicative) impact of COVID-19 was estimated at € 16 million (2020: € 22 million), which primarily reflects lower rental income. The impact on the mortality result is negligible, due to diversification of the various product lines.

### Operating expenses
The operating expenses increased by € 3 million to € 173 million (2020: € 171 million). The additional cost base from the acquisition of Brand New Day IORP (1 April 2021) and project costs for realising a new IT landscape for the pension portfolio were largely compensated by the efficiency and cost synergies achieved with the completion of insurance portfolio conversions in 2020 (Loyalis and VvAA life) and lower investment charges.

In preparation for the pension reforms, which will take full effect as of 1 January 2027, an important step was taken in selecting a new Software as a Service (SaaS) pension platform. This platform offers customers enhanced digital services and enables a.s.r. to respond more quickly and efficiently to the changing needs of the market while making the administration costs variable.

Life operating expenses, expressed in basis points of the basic Life provision remained stable at 45 bps (2020: 45 bps), which is at the lower end of the target range (45-55 bps) for 2021. Operating expenses in relation to the premiums (measured in APE) amounted to 9.5% (2020 9.1%). This increase is mainly due to the additional cost base from the acquisition of Brand New Day IORP (1 April 2021) and the project costs for realising a new IT landscape for the pension portfolio.

### Result before tax
The result before tax increased by € 234 million to € 981 million (2020: € 747 million), driven by an increase in incidental investment income, non-recurring items in 2020 and a higher operating result.

The increase in incidental investment income by € 69 million to € 208 million (2020: € 139 million) reflects the recovery of financial markets this year through positive revaluations. The impact of other incidental items increased by € 132 million and was limited to € 11 million, mainly due to non-recurring items in 2020 related to a goodwill impairment (€ 90 million) and refinement of the calculation methodology for disability insurance in the pension portfolio (€ 33 million).

## Life & Pensions
a.s.r. is a major provider of pension insurance in the Netherlands. The defined benefit (DB) product still forms the largest part of the existing pension portfolio, followed by the growing defined contribution (DC) proposition. The current customer base of these portfolios comprises approximately 27,800 companies and 793,000 participants. a.s.r. is the second largest provider of individual life insurance products in the Netherlands, measured in GWP[1].

With the acquisition of Brand New Day IORP (BND PPI) on 1 April 2021, a.s.r. has strengthened its position on the Dutch pension market, giving substance to its ambition to grow as a provider of capital-light pension solutions. The integration of some parts of BND IORP activities within a.s.r. is expected to be completed in 2022. BND IORP is a separate legal entity and therefore not included in the figures.

The negative indicative impact of COVID-19 on the 2021 operating result of Life & Pensions was limited and mainly concerns lower dividends and rental income. The impact on the mortality result is negligible, due to diversification of the various business lines.

### Market
a.s.r. expects the pension market to continue to move from DB to DC solutions in the coming years. With the acquisition of BND PPI, a.s.r. has further expanded its product range in DC solutions.

1 Source: Market shares DNB 2020, market shares 2021 not available yet.

The switch from DB to DC gives rise to a shift in risk from employer to employee / participant. This switch also leads to declining cost coverage in the market. a.s.r. is taking further steps to enable digital self-service, given that customers expect to be able to arrange their financial affairs online.

### Products
a.s.r. provides DC pension products with recurring premiums, in which benefits are based on investment returns on selected funds, in some cases with guarantees. a.s.r.'s DC proposition concerns the employee pension product Werknemers Pensioen (WnP). In 2021, the WnP had almost 130,000 active participants and € 3.0 billion in AuM all invested in SRI funds. The number of active participants at BND PPI grew to 120,000 and the invested capital to € 1.9 billion. In addition to the fixed annuity product, a.s.r. also has the variable pension product. This offers customers a product for the payout phase of their pension, with an appropriate balance between risk and return. a.s.r. also offered DB products, but due to market changes these products are no longer (actively) sold.

Term life insurance, the sole individual life proposition actively sold, consists of traditional life insurance policies which pay out death benefits without a savings or investment feature. a.s.r.'s term life insurance products are mainly sold in combination with mortgage loans or investment accounts, and generally require recurring premium payments. All other individual life products are managed as a closed service book.

### Strategy and achievements
In 2021, Life & Pensions launched the Ik denk vooruit platform, which helps customers to improve their financial health and provides more insight into their financial situation, in order to take the right financial decisions. Via the platform, customers have an opportunity to register for the targeted investment product, with which they can choose between three sustainable ASR Vooruit mixed funds.

The competitive position is strengthened through the creation of further economies of scale and a focus on digital transformation and consolidation opportunities.

The Life & Pensions strategy is focused on:
- Serving the needs of its clients. Excellent operational performance with a high client satisfaction, data driven orientation and compliance with legislation.
- Realising growth by having the right product propositions in place for further growth and looking for opportunities in ongoing market consolidation to acquire portfolios or companies.
- Drawing the attention of new and existing customers to the Ik denk vooruit platform, to help customers increase their financial health, providing more insight into their financial situation and helping them to make the right financial decisions.
- Realising a new IT landscape to administer the pension portfolio. This new target IT landscape will contribute to the efficient implementation of changes in laws and regulations (among which the new pension legislation) and to further reduce costs.
- Continuing with the digitalisation and optimisation of the processes.

**NPS-c Life & Pensions**

(-100 to +100)


The average NPS-c rating during 2021 was slightly below the 2020 level, due to a temporary decrease in customer satisfaction in the first half of 2021 following longer lead times on policy holder requests. In the second half of 2021 the NPS-c ratings improved again well above target level.

### Outlook for 2022
In 2022, a.s.r. will focus on further growth in WnP and immediate fixed and variable pension annuities as well as on further improving customer satisfaction. The implementation of the new Dutch pension agreement has been postponed for a year. a.s.r. will start the implementation after the proposal is debated in the House of Representatives in the spring of 2022. This pension agreement is the result of extensive discussions between government, employers and employees. The agreement is fully in line with the strategy of phasing out DB products and accelerating growth in DC. The outcome of pensions will be more uncertain for individual customers. For this reason, a.s.r. aims to help customers make better financial decisions through the launch of the Ik denk vooruit platform at the end of 2021.

a.s.r. split the L&P activities per 1 March 2022, the management of the (customer service) of Life, the ASR Pensioenfondsen Services (APFS) activities and Funeral are combined. The services books of Life, Funeral and the APFS portfolios (except the Pensions DB portfolio) are also combined. Pensions can focus entirely on (organic) growth and the migration and investments to a new target landscape.

## Funeral
As at 31 December 2021, the funeral portfolio of Ardanta, a.s.r.'s funeral brand, consisted of 6.2 million policies and 3.6 million customers. Based on the volume of premiums, Ardanta is the third largest funeral insurer in the Netherlands. The impact of COVID-19 on the 2021 operating result of Funeral was limited because the increased mortality occurred mainly in the higher age categories. COVID-19 had little impact on the payment behaviour of Funeral customers in 2021 see (chapter 6.1.2). Due to the COVID-19 related measures, employees largely served customers from home in 2021. This did not lead to a negative effect on service levels or customer satisfaction.

### Market
In recent years, there has been a significant degree of consolidation in this market. Also in 2021, as the

acquisition of Yarden by Dela was announced. This acquisition further reduces the number of active providers of funeral insurance, the largest peers of a.s.r. are Dela and Monuta. The consolidation in the funeral insurance market is expected to slow down in the coming years, however a.s.r. does continue to search for opportunities.

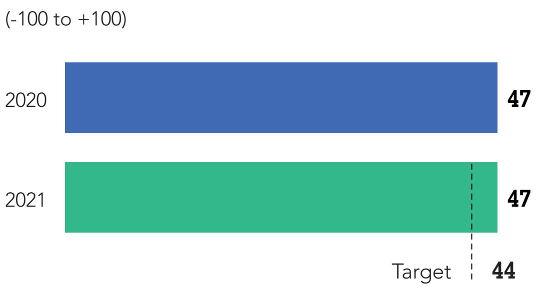
## Products

Ardanta's primary objective is to insure funeral expenses. Since September 2021, with the introduction of the Ardanta funeral insurance product, Ardanta only offers a capital insurance product. This new product is a modern and comprehensive funeral insurance. It is a flexible insurance policy for which customers determine for themselves how long they wish to pay premiums (minimum of five years, maximum age of 85). There are also many options for retaining the value of the insured sum: the customer can opt to follow the price index figure or for an annual increase by 2 to 5%. Choices can be changed during the term of the policy on the basis of new customer requirements and / or insights. The free choice of undertaker is also important. The customer determines who provides the funeral and the payee for the benefits.

## Strategy and achievements

Ardanta focuses on the provision of good and innovative services to its customers. The 100% digital programme was launched in 2019. This digital transformation involves a fundamental change in customer interaction, value propositions, business models, operational processes and customer experience. The initial results of the digitisation of the advisor process and the process for digital contracting of new insurance policies were positive. The conventional form, in which customers and advisors contact Ardanta (by telephone and mail) is diminishing. In 2021, digital services accounted for 55% of Ardanta's outgoing annual output. Customer satisfaction (NPS-c) remained stable at 47 in 2021 (2020: 47). Ardanta also offers practical guidance to its customers and their relatives on matters relating to bereavement, through initiatives such as a funeral coach, who assists relatives in the days immediately after a relative has died.

**NPS-c Funeral**




Ardanta continues to focus on capital generation and the further strengthening of its competitive position. Efficient operations, reflected in the costs per policy, form an important driver for this. Ardanta's distinguished proposition is recognised in the market: organic growth targets were exceeded in 2021 in both the traditional intermediary channel and in direct distribution channels (internet, direct mail and own advisors).

Ardanta's sustainability initiatives focus on address enrichment in order to re-establish contact with customers which were lost over the decades. In addition, an active search is conducted to trace the relatives of long-deceased customers in order to settle outstanding financial entitlements.

## Outlook for 2022

Whilst taking into consideration the volume of a.s.r.'s funeral portfolio there is still potential for organic growth. The customer contact strategy will be further developed resulting in new marketing campaigns focused on digital access for customers. The aim is to create awareness amongst customers of their existing insurance asking them to check whether this is still appropriate.

Aligned with a.s.r.'s digital strategy, the digitisation programme will continue. In 2022, the focus will be the processes relating to existing customers and on activating customers to do business digitally. With this continuing digitisation, special attention will be devoted to vulnerable groups, such as those with low literacy and those without digital devices.

# Inclusive **funeral insurance**

a.s.r. promotes equal opportunities for all; internally, a.s.r. uses the Diversity, equality and inclusion policy to that end. Externally, a.s.r. contributes to an inclusive society wherever possible.

Since July 2021, people who are under guardianship can take out funeral insurance at Ardanta without any thresholds or health questions. When applying for funeral insurance, medical questions are always asked. This vulnerable group of people is often asked additional questions. This is a time-consuming and complex process for this group, which is why they often do not take out insurance.

Ardanta developed a collective scheme that makes it easy for people under guardianship to insure themselves against funeral costs. The scheme is intended for administrators' customers who live at home or in a small-scale residential facility. The NBBI, the trade association for administrators, reacted enthusiastically to Ardanta's initiative and is publicising the collective scheme within its branch.

## 4.1.4 Asset Management segment

**Asset under management for third parties**
(in € billion)

**28.0** ↑

2020: **24.3**

**Operating result**
(in € million)

**36** ↑

2020: **31**

**Operating expenses**
(in € million)

**-102** ↑

2020: **-94**

**Asset Management** brand

a.s.r.

**Real Estate** brand

a.s.r.

**Mortgages** brand

a.s.r.

The Asset Management segment involves all activities related to asset management, including investment property management. These activities include ASR Vermogensbeheer N.V., ASR Financieringen B.V., ASR Real Estate B.V., ASR Hypotheken B.V. and ASR Admin N.V. (formerly a.s.r. bank).

## Financial performance

### Assets under management

Total AuM for third parties increased by € 3.7 billion to € 28.0 billion (2020: € 24.3 billion), which was driven by a continued growth of net inflows into the mortgage funds, inflows into the mix funds underlying the DC products and positive revaluations of the unit linked portfolio. In addition, the negative revaluations in the ASR Dutch Prime Retail Fund were more than offset by the inflow and positive revaluations in the ASR Dutch Core Residential Fund (ASR DCRF), which on balance increased real estate third party AuM.

### Operating result

The operating result of Asset Management increased by 14.2% (€ 4 million) to € 36 million (2020: € 31 million) due to higher fee income resulting from the increased third-party AuM, partly offset by lower fees from the retail real estate portfolio.

Mortgage origination amounted to € 6.0 billion, € 2.1 billion of which was allocated to the ASR Mortgage Fund.

Furthermore, € 0.9 billion and € 0.6 billion of the mortgage origination was allocated to the ASR Separate Account Mortgage Fund and external investors, respectively. Payment arrears of more than three months on the mortgage portfolio were already low, but improved even further by 1 bps to 2 bps (2020: 3 bps). Credit losses on mortgages increased by 0.19 bps to 0.26 bps (2020: 0.07 bps), mainly due to write-offs of irrecoverable debts.

### Operating expenses

The operating expenses increased by € 7 million to € 102 million (2020: € 94 million), driven by top-line growth and higher personnel costs, partly due to the decision to insource the management of residential property.

The management cost ratio for a.s.r. mortgages improved by 1.9 bps to 7.8 bps (2020: 9.7 bps), mainly as a result of economies of scale.

## Asset Management

ASR Vermogensbeheer N.V. (AVB) conducts all a.s.r.'s asset management activities, with the exception of direct real estate.

### Market

The asset management market is consolidating rapidly, as a result of growing legislation and regulations, stricter supervision, international competition and the realisation of economies of scale. The number of independent Dutch asset managers has been shrinking for years, while a need for specific knowledge of the Dutch market remains. This provides opportunities for AVB, as a down to earth Dutch asset manager that is close to the market, personal and solution-oriented.

### Products

AVB manages assets of € 78 billion, including € 28 billion for customers outside a.s.r. The product range includes corporate bonds, government bonds, equities and mortgages. In this way, AVB offers custom solutions with a sound return on investment. AVB primarily invests close to home, in countries and companies that comply with a.s.r.'s social and sustainability criteria. In this way, AVB shows that sustainability and financial returns can go together.

### Strategy and achievements

In the long-term, companies that embed sustainability, quality and risk-spreading in their policies generate more economic and social value, at a lower risk. AVB's strategy is therefore based on this. AVB aims to generate sustainable returns for its stakeholders, now and in the future.
For that reason, AVB seeks not only financial, but also social returns, through investments that are checked for environmental aspects and human rights, and by opting for impact investments, which are long-term investments. Attention does not, therefore, focus on cryptocurrencies, commodities or day trading. AVB may lose some short-terms returns as a result, but this is consistent with the focus. What counts is the long-term result. Furthermore, AVB is able to combine the investment profession with the Solvency II requirements, is cost-efficient and generates extra fee income from the successful Mortgage Fund, ESG funds and the WnP. AVB invests for its customers in the same way as it does for itself.

The historically very low interest rates placed investment returns under pressure. One of the ways to increase a.s.r.'s investment returns is to allocate more of the asset mix to illiquid investments. After all, insurers have a long investment horizon. They are consequently able to earn an illiquidity premium by investing more in, for example, mortgages, private loans and structured credits with little or no marketability.

### Outlook for 2022

In 2022, AVB will continue to serve its clients through a combination of asset management solutions and individual asset categories, such as fixed income, equities and mortgages. As part of a.s.r.'s ESG strategy, the focus will be on impact investing and in order to generate a measurable favourable social or ecological impact in addition to financial return. a.s.r. will also continue its drive to increase the managed assets of external customers. The successful mortgage and ESG funds are priorities here.

## Real Estate

a.s.r. has been investing in real estate for own account and on behalf of institutional investors for more than 125 years.

### Market

2021 was marked by economic recovery. With the withdrawal of restrictions on contacts until December and the supporting government measures. Consumer and producer confidence recovered and the labour market tightened still further. In general, this led to positive yields in the real estate market. The rental properties market

**Real estate portfolio**
(in € billion)

**7.3**

**2020: 6.5**

and national real estate showed solid returns. Retail property market valuations appeared to be stabilising and demand for offices and real estate at science parks in good locations was maintained. The continuing shortage of prime assets and low interest rates created positive pressure from real estate investors.

At year-end, the real estate portfolio totalled € 7.3 billion (2020: € 6.5 billion), divided into € 5.1 billion (2020: € 4.5 billion) on behalf of a.s.r. and € 2.2 billion (2020: € 2.0 billion) on behalf of institutional investors. The total inflow of new capital from institutional investors amounted to € 0.2 billion (2020: € 0.2 billion).

### Products

Real Estate manages five non-listed real estate funds; ASR Dutch Prime Retail Fund, ASR Dutch Core Residential Fund, ASR Dutch Mobility Office Fund, ASR Dutch Science Park Fund and ASR Dutch Farmland Fund. These retail, residential, office, science park and rural real estate funds are open to institutional investors who are looking for stable capital growth. Real Estate also invests on behalf of customers in renewable energy sources such as wind and solar farms, international non-listed real estate funds and listed real estate equities.

### Strategy and achievements

Real Estate's strategy is to create long-term value for investors. To this end, agreements have been made to generate returns at acceptable risk levels. In the longer term, it is important that Real Estate makes a substantial contribution to the (economic) targets of tenants and leaseholders. Real Estate also has a strong focus on quality, believing that quality retains its value. It therefore invests continuously in maintenance, good quality materials, the sustainability of buildings and sustainable land use.

Sustainability is an integral part of Real Estate's investment and management practice. In the coming years, the focus will lie on further reduction of carbon emissions.

As a real estate investor, a.s.r. recognises its substantial responsibility in contributing towards liveable and sustainable buildings, towns and cities and communities. By investing in appropriate and sustainable real estate, a.s.r. aims for a positive impact on the built-up environment, for present and future generations. Real Estate makes targeted impact investments, accelerates the energy transition by generating renewable energy and is working towards a Paris Proof portfolio in 2045. At the end of December 2021, Real Estate acquired a part of Prinses Ariane wind farm in the Wieringermeer. As a result, a.s.r. is the owner of 32 of the 82 turbines on the largest Dutch onshore wind farm. The 32 turbines have a combined capacity of 118 megawatt, which is comparable to the power supply of 114,000 households per year. Real Estate manages several potential locations for wind and solar farms. Together with various developers, projects are set up for the development of new wind and solar farms on a.s.r. land positions. In this way, a.s.r. contributes towards the energy transition and a sustainable living environment.

Real Estate has started several projects on the basis of the digital strategy programme. In 2021, a tenants' portal was delivered, at which residential tenant can view their data and documents and report changes digitally. Tenants can also submit requests for repairs via this portal and track the follow-up of their requests. This gives a boost to tenant satisfaction. A data hub has been implemented for the supply of ESG data, from which reports and dashboards are generated. Real Estate has also developed a new website with up-to-date security. The website offers visitors a clear structure and navigation and a great deal of informative content. See for more information www.asrrealestate.nl.

### Outlook for 2022

Despite the uncertainties surrounding COVID-19 economic recovery will continue in 2022 and will keep investors interested in real estate in 2022 as a result of the low interest rate environment and current high inflation.

COVID-19 has led to rapid changes in human behaviour and demand for real estate has followed these developments. The supply and demand ratio for rural real estate and residential property remains strong. The current construction pace cannot keep up with the increasing housing shortage and with the growth of solar and wind farms, the pressure on land use is growing. Due to the increasing use of online shopping and the introduction of hybrid working, polarisation in the retail and office markets respectively is growing. The pressure on easily accessible and multifunctional locations with scale and sustainable assets aimed at convenience remains. As a niche market, science park real estate profits from the recognised (future) importance of life sciences and it benefits from persistent high occupancy rates as employee's on-site presence is often essential.

## Mortgages

a.s.r. provides mortgage loan services for its own equity balance as well as for the different external investors and is active in the residential mortgage market. Mortgage loans are issued by ASR Levensverzekering N.V. Part of the mortgages were subsequently sold to investors.

### Market

As a result of historically low interest rates, the mortgage market still has many customers refinancing existing mortgages. This development caused the market for further advances or refinancing to become larger in 2021 for the first time than the market for purchasing new homes. Low interest rates in combination with low housing supply have led to a sharp increase in house prices. Low supply and high prices make things difficult for first-time buyers. The number of housing starts trailed, the main causes being the nitrogen problem, employee shortages and shortages of raw materials.

### Products

a.s.r. positions itself as a sustainable and innovative player on the mortgage market. In addition to the standard products (annuity, linear and interest-only), it offers the following specialised products:
- WelThuis Startershypotheek: a product tailor-made for first-time buyers with a maximum term of 40 years.
- DigiThuis hypotheek: a mortgage that uses source data, primarily intended for buyers refinancing existing mortgages.

- Verduurzamingshypotheek: a tailor-made product for sustainable adjustments to residential dwellings.
- WelThuis Levensrente hypotheek: A tailor-made product for senior citizens, with which they can also release equity.

## Strategy and achievements
Mortgages are an attractive investment for a.s.r.'s own account as well as for external investors. The target for 2021 was therefore to grow the investments for a.s.r.'s own account, in the mortgage funds and via whole loan sales. This target was met, with a growth in mortgage production of 30% and a growth of the overall portfolio of almost 27%. This was achieved partly by the new Levensrente and DigiThuis products reaching maturity, targeted marketing campaigns and strengthening the partnership with the independent advisors. The Levensrente hypotheek was awarded the Golden Lotus by advisors for the most innovative mortgage product, with the DigiThuis taking second place. a.s.r. was also nominated for the Green Lotus award and won the Zilveren Spreekbuis award. a.s.r. continued to present itself to the market as a socially committed player with special attention for environmental issues. Hence a.s.r. offers all new customers an additional loan at a discounted rate for making sustainable improvements. All existing customers are sent an energy savings report on the improvement potential of their home.

With an NPS-c score of 43 in 2021 (2020: 40), Mortgages significantly improved its customer satisfaction.

**NPS-c Mortgages**

(-100 to +100)


### Product development and digitisation
Mortgages introduced a new product line (DigiThuis) at the end of last year, with acceptance based entirely on source data. Further development of the DigiThuis mortgage took place in 2021. The Levensrente mortgage, also introduced at the end of 2020, is highly appreciated by advisors and customers and with the life-long interest payments, remains unique in the market.

Mortgages also made important improvements to the MijnHypotheek customer portal at which customers can make different changes to their loans themselves. If required, the customer can grant the advisor access to MijnHypotheek. More than 4 out of 5 of all a.s.r. customers make use of MijnHypotheek. The other customers still receive their correspondence by post. For new customers, use of the portal is mandatory.

## Outlook for 2022
Further growth in the mortgage business is expected for 2022. The mortgage market appears to be cooling down a bit, but demand for mortgages to finance investments continues to increase. Further growth will result in improved cost efficiencies. a.s.r. is also focusing on existing customers by offering them the Verduurzamingshypotheek in an accessible manner. With new products and plans for further process improvement and digitisation, a.s.r. feels well-positioned for further expansion for own balance sheet and third parties.

# **Impact investing** asset management

a.s.r. focuses on increasing its positive impact. This is why a.s.r. invests in positive developments for people, the environment and the society. For example, by investing in Rubio Impact Ventures, an investor that supports companies with a sustainable business model. Such as DeWarmte, which converts household wastewater into usable new energy. Or SkinVision, which aims to save 250,000 lives in 10 years' time through Artificial Intelligence on a smartphone, allowing users to make an accurate and specific analysis of a possible melanoma. Or Microverse, which helps young people from emerging economies learn to develop software and brings them into contact with international jobs, regardless of their location, gender or background.

These are just three examples of investments Rubio makes in companies that have an impact on the climate, health or the financial self-reliance of people.

## 4.1.5 Distribution and Services segment

| Total income (in € million) | Operating result (in € million) | Operating expenses (in € million) |
|---|---|---|
| 119 ↑ | 28 ↑ | -94 ↑ |
| 2020: 99 | 2020: 25 | 2020: -72 |

**Distribution and Services** brands

The Distribution and Services segment includes activities related to the distribution of insurance contracts and the financial intermediary business of PoliService B.V., Van Kampen Groep Holding B.V. (VKG) and Van Kampen Geld B.V., Dutch ID B.V., SuperGarant Verzekeringen B.V. and Corins B.V.

## Financial performance

### Total income

Total income increased by € 20 million to € 119 million (2020: € 99 million). This increase was mainly driven by acquisitions, but also organic business growth in various portfolios and selective tariff adjustments. The range of services provided was further broadened by adding several (smaller) distribution partners and service providers.

### Operating result

The operating result increased by 9.2% (€ 2 million) to € 28 million (2020: € 25 million). This increase was driven by the contribution of acquisitions and expansion of services, which also increased total income.

### Operating expenses

Operating expenses increased by € 22 million to € 94 million (2020: € 72 million). This increase was mainly due to acquisitions, organic growth of the business and integration costs.

### Result before tax

The IFRS result before tax increased by € 16 million to € 10 million (2020: € -6 million). This increase was mainly due to a less negative impact of incidentals, including an impairment of goodwill and start-up costs for the a.s.r. Vitality programme.

**Result before tax**
(in € million)

**10**

**2020: -6**

### Market

Developments in the distribution business in 2021 showed that the distribution landscape remains fluid. The ongoing consolidation and growth of larger distribution businesses remain the most important developments in this market. The overall trend is for larger distribution businesses to gain market share on the strength of both organic and inorganic growth; the top 50 companies in the distribution field increased their power within the overall distribution landscape. Hybrid distribution models of insurance products also remain. a.s.r. wants to position itself to move along with these developments as well as for facilitating the independent intermediary channel.

### Strategy and achievements

The distribution and services activities, combined with organic growth in the distribution businesses acquired in previous years, strengthened a.s.r.'s market share in the distribution landscape. The portfolio of the activities of these distribution businesses showed steady growth compared with the corresponding period in the prior year.

a.s.r.'s market share in the distribution landscape has given it forward integration into the insurance chain and improved insights into advisor and customer needs. a.s.r. believes this will help it align its product range more closely with customer needs and better connect it with the intermediary landscape.

a.s.r. also believes the acquisitions provide learning and innovation opportunities since they will facilitate the development and testing of new product ideas with direct input from the distribution and customer sides. The integrated chain approach enables a.s.r. to accelerate the implementation and marketing of innovations and new products.

### Van Kampen Groep

Van Kampen Groep (VKG) is one of the large full-service providers in the Dutch market. Via VKG, Dutch advisors can place non-life insurance, income insurance and mortgages with one of the mandated brokerages of VKG or via VKG at regional insurers, banks and other financial institutions. VKG grew in 2021 through the acquisition of a number of portfolios, mandated brokers and participating interests in a number of advisors, as part of its growth strategy.

### Dutch ID

The activities of Dutch ID (brands Boval and Felison) are based on its mission: Let entrepreneurs do business. This is reflected in the sectoral service strategy, under which sectoral, professional and customer knowledge is used to provide small and medium-sized enterprises (SMEs) with an optimal service. This is executed together with sectoral and other organisations such as LTO Nederland, evofenedex and Transport en Logistiek Nederland. The mission is also reflected in the service strategy of enabling the Dutch insurance market to get the best out of itself and the market. In order to meet these strategic targets, Dutch ID plays an active role in the changing field of service commission, technological development and the vision of the insurance chain. Through its versatility and flexibility, Dutch ID has built up a strong position as a service provider in this playing field.

### Corins

Corins is a successful underwriting agency in the Dutch non-life co-insurance market. Since 2016, the company has operated as an autonomous entity within the a.s.r. group, with the strong a.s.r. brand with which it holds a stable and financially strong position. The company, along with a.s.r., has worked for years with a panel of reputable foreign risk-bearers to serve the Vereniging Nederlandse Assurantie Beurs (Insurance Exchange Association (VNAB)) brokers on the Dutch stock market. Its market position has strengthened considerably in recent years, following the integration with the Generali listed portfolio in 2018 and through organic growth.

### SuperGarant

The purpose of the services of SuperGarant is to enable businesses to focus on their core activities as far as possible. SuperGarant operates as an advisor and underwriting agent. SuperGarant does this by offering services focusing on four main themes: insurance, absences, service commission and training. In recent years, the activities of SuperGarant have been dominated by acquisitions aimed at creating a set of companies that are positions for further growth as a target group specialist.

In 2021, SuperGarant focused on the integration of the acquisitions made in 2020.

## ANAC

ANAC is a service provider specialised in automotive concepts and full-service support for advisors. In 2020 and 2021, a number of large automotive contracts were cancelled, which had a major impact on the revenue. In 2022, ANAC will merge with VKG in order to retain sufficient scale for the provision of optimal support for its customers.

## Poliservice

Poliservice is an intermediary for a.s.r. and its business. It sells, advises on and manages different types of insurance, gives direct mortgage and pension advice to its customers and manages the portfolios of advisors which have ceased to operate. Poliservice is also an insurance advisor for a.s.r.'s own employees. In 2021, a.s.r. integrated part of its independent advisor Anac Verzekeringen in Poliservice.

## Outlook for 2022

From 1 January 2022, a.s.r. will transfer responsibility for the Distribution and Services group companies and associates to the newly-formed top holding company. This top holding company will steer and coordinate with (the management of) the companies. A strategic plan will be developed in order to realise an overall vision for all group companies and associates. This overall vision will be shared with all the Distribution and Services group companies and associates and will be developed in a step-by-step plan for all companies in the second quarter. From the start of the third quarter of 2022, all companies will work on the joint strategy and the ambition to be a key player in the Dutch distribution market and key sectors, for businesses that may operate in specific niches but also for businesses seeking a permanent home for the management or takeover of a customer portfolio in the consolidating market.

## 4.1.6 **Holding and Other segment (including eliminations)**

| Operating expenses (in € million) | Operating result (in € million) | Result before tax (in € million) |
|---|---|---|
| -86 ↓ | -130 ↑ | -175 ↑ |
| 2020: -106 | 2020: -143 | 2020: -203 |

The segment Holding and Other consists primarily of the holding activities of a.s.r. (including the group related activities), other holding and intermediate holding companies, the real estate development business (ASR Vastgoed Projecten B.V.), ASR Vooruit B.V., the investment firm that performs activities related to private investing for customers, and the activities of ASR Deelnemingen N.V.

### Financial performance

**Operating result**
The operating result improved by € 13 million to € -130 million (2020: € -143 million), primarily as a result of lower pension costs related to the introduction of the new DC pension scheme for a.s.r. employees. The operating result includes interest charges of € 44 million (2020: € 44 million) for two subordinated liabilities (Tier 2 notes).

**Operating expenses**
The operating expenses decreased by € 20 million to € 86 million (2020: € 106 million), primarily as a result of the new a.s.r. pension scheme and a refinement of pension costs allocation resulting in a shift of pension costs from Holding to the other segments. The decrease in operating expenses was partly offset by higher allocated staff costs and the brand transition of De Amersfoortse into a.s.r. as from 19 April 2021.

**Result before tax**
The IFRS result before tax improved by € 28 million to € -175 million (2020: € -203 million), due to the lower negative impact of incidental items and an increase in the operating result. The improvement in incidental items of € 15 million to € -45 million (2020: € -60 million) reflects a capital gain on the sale of an equity participation and higher indirect investment income (€ 21 million). Furthermore, incidentals decreased by € 6 million to € -75 million mainly related to start-up and implementation costs for new propositions (including the Vitality programme and Ik Denk Vooruit) and the digitisation programme. This was partly offset by the completion of integration processes (Loyalis, VvAA and Veherex) and lower regulatory costs related to the IFRS17/9 implementation. The other incidentals also include the incidental result of the old DB pension scheme for a.s.r. employees.

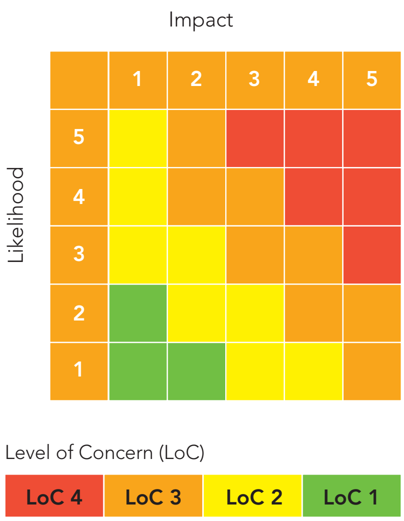
# 4.2 **Risk** management

**Risk management is an integral part of a.s.r.'s day-to-day business operations. a.s.r. applies an integrated approach to managing risks, ensuring that business targets are met. Value is created by striking the right balance between risk, return and capital whilst ensuring that obligations to stakeholders are met. a.s.r.'s approach to managing risks is described below.**

## 4.2.1 **Risk governance**

### Management of strategic risks

a.s.r.'s risk priorities and emerging risks are defined annually by the Executive Board (EB), based on strategic risk analyses. a.s.r.'s risk priorities are defined as the main strategic risks which could materially affect its strategic and financial and non-financial targets. To gauge the degree of risk, a.s.r. uses a risk scale based on likelihood and impact (Level of Concern). For each risk priority, the degree of risk is determined for the gross and net risks. Gross risk is the degree of risk when no (control) measures are in place. Net risk is the degree of risk with mitigating (control) measures in place. Each of a.s.r.'s risk priorities has a gross and net risk Level of Concern 3 or 4, outside risk appetite boundaries. The risk priorities and emerging risks are described in Strategic risks and in Emerging risks.




### Management of financial risks

a.s.r. aims for an optimum trade-off between capital, risk and return. Steering on capital, risk and return is done by decision-making throughout the entire product cycle from Product Approval & Review Process (PARP) to the payment of benefits and claims. At a more strategic level, decision-making takes place through balance sheet management. A robust solvency position takes precedence over profit, premium income and direct investment income. Risk tolerance levels and limits are disclosed in the financial risk appetite statements (RAS) and are monitored by the Financial Risk Committee (FRC). The FRC evaluates financial risk (FR) positions against the RAS on a monthly basis. Where appropriate, a.s.r. applies additional mitigating measures.

In 2021, the Actuarial Function (AF) performed its regulatory tasks by assessing the adequacy of the Solvency II technical provisions, giving an opinion on reinsurance and underwriting, and contributing to the Risk Management Framework (RMF). The AF report on these topics was discussed by the EB, FRC and A&RC. See chapter 6.8 for further information.

### Management of non-financial risks

Non-financial risk appetite statements are in place to manage a.s.r.'s risk profile within the limits determined by the EB and approved by the Supervisory Board (SB); see chapter 6.8.1.1.1. The risk profile and internal control performance of each business is discussed with senior management in the business risk committees each quarter. The Non-Financial Risk Committee (NFRC) monitors and discusses on a quarterly basis whether non-financial risks (NFR) are adequately managed. Should the risk profile exceed the risk appetite, the NFRC will decide on the steps to be taken.

a.s.r. employees gain risk management knowledge and skills through the implementation of risk management policies, procedures and practices and the execution and testing of controls within business processes for sound and controlled business operations. Training courses that cover main risk-related topics, presentations, workshops, gamification and the use of governance, risk & compliance tooling also contribute to this. In addition, risk management employees keep their knowledge and skills up to date through training courses that cover specific risk-related topics and / or continuous education.

## 4.2.2 **Risk appetite**

Risk appetite is defined as the level and type of risk a.s.r. is willing to bear in order to meet its targets while maintaining the right balance between risk, return and capital. a.s.r.'s risk appetite contains a number of qualitative and quantitative RAS and gives direction to the management of both FR and NFR. The statements highlight the organisation's risk preferences and limits and are viewed as key elements for the realisation of a.s.r.'s strategy.

According to the annual risk management cycle in 2021, to ensure alignment with a.s.r.'s (risk) strategy, the RAS and RAS limits were evaluated and updated by the EB and approved by the SB. The RAS of a.s.r. can be found in chapter 6.8.1.1.1.

## 4.2.3 **Risk descriptions**

The risks identified are clustered into:
- strategic risks
- emerging risks
- financial risks
- non-financial risks

### Strategic risks

In 2021, a.s.r.'s main strategic risks (risk priorities) were:
- low interest rate environment
- COVID-19 / repeated pandemics
- impact of supervision, laws and regulations and juridification of society
- climate change and energy transition
- pressure on business model
- IT / cyber risk

**Low interest rate environment**
In 2021 interest rates remained at historically low levels, partly due to the quantitative easing of central banks that was expanded during COVID-19. This potentially puts pressure on capital generation. Since returns on regular bonds are unattractive, demand for other assets went up and pushed their valuations to higher levels. The risk of a negative price correction may have increased.

The solvency and interest rate position are continuously monitored and findings are reported to the FRC. The consequences of potentially low investment returns and fluctuations in interest rates and inflation are examined in more detail in the annual SAA study, the annual Own Risk and Solvency Assessment (ORSA) and the quarterly balance sheet prognosis.

**COVID-19 / repeated pandemics**
In December 2019, a pneumonia outbreak was reported in China which in 2020 rapidly developed into what is now commonly referred to as COVID-19. COVID-19 has resulted in a significant number of confirmed cases of infection and untimely deaths in large portions of the world, including the Netherlands. Globally, governments are taking various measures to contain the outbreak. In the Netherlands, the Dutch government issued a series of far-reaching measures to stop the spread of COVID-19. Both COVID-19 and the countermeasures have had a significant impact on Dutch society and the economy. The economic impact was mitigated in the short-term by significant economic relief programmes presented by the government to support both companies and individuals financially impacted by COVID-19. The longer term economic impact of the countermeasures taken to mitigate COVID-19 is uncertain. For more details on the impact on a.s.r., see the explanation of the non-financial risks regarding the operational impact on a.s.r. and the explanation of financial risks regarding the financial implications on a.s.r.

**Impact of supervision, laws and regulations and juridification of society**
Due to growing regulatory pressure, there is a risk that:
- a.s.r.'s reputation will suffer if new requirements are not complied with in time.
- Available resources will largely be utilised to align the organisation with new legislation, leaving fewer resources to spend on core customer processes.
- Processes will become less efficient and pressure on the workforce will increase.
- a.s.r. will have administrative fines or sanctions imposed on it for failure to comply with requirements (on time).
- Regulatory solvency position and / or performance change due to changes in regulations and supervision, such as IFRS 9, IFRS 17, and Solvency II.

a.s.r. constantly monitors changing laws and regulations and assesses their impact and the corresponding actions required. The availability of capacity is also continuously monitored to ensure that there are sufficient resources to process all regulations in a timely manner. a.s.r. has a multidisciplinary legislation and regulation committee to help the various businesses signal and adopt legislative amendments in good time. The committee reports to the NFRC.

CDD risk (including anti-money laundering) remains relevant for a.s.r. in order to guarantee sound and controlled business operations. To mitigate the risks of non-compliance relating to CDD, a.s.r. centralised a major part of its CDD screening and tooling. The central CDD desk consisting of Compliance, Investigations, Legal and representatives of the business lines plays a key role in ensuring a consistent screening approach within a.s.r. The CDD desk also functions as an expertise centre.

The Group has become subject to increasing sustainability regulations, such as Regulation (EU) 2019/2088 of 10 March 2021 relating to disclosures (SFDR), and may also become subject to Regulation (EU) 2020/852 (partially) from 1 January 2022 relating to a framework to facilitate sustainable investment (the EU Taxonomy Regulation). These regulations will require the Group to include information at entity and product level as to whether certain financial products take account of an adverse impact on sustainability, promote environmental or social characteristics and meet one or more of the environmental targets set out in the EU Taxonomy Regulation. The EU Taxonomy Regulation will also require the Group to include in its non-financial statement how and to what extent the Group's activities are associated with economic activities that qualify as environmentally sustainable. The sustainability regulations also include the amendment of existing directives and regulations such as Solvency II, Insurance Distribution Directive (IDD), Markets in Financial Instruments Directive (MiFID II), Alternative Investment Fund Managers Directive (AIFMD), and Benchmarks Regulation (BMR). The sustainability regulations will therefore also have an impact on product development and advice, Know Your Customer (KYC), risk management, solvency requirements and the disclosure of financial products. Since some of the sustainability regulations are still being developed, their full impact on the Group is as yet unclear. The Group will have to implement these regulations and is likely to have to implement more sustainability-related regulations in the future.

In June 2020, the International Accounting Standards Board (IASB) published the revised International Financial Reporting Standard 17 (IFRS 17) which was endorsed by the EU. The new standard for insurance contracts will replace the existing IFRS 4 standard and will be effective from 1 January 2023. IFRS 17 is designed to facilitate comparability between insurers and to increase transparency in relation to risks, contingencies, losses and embedded options in insurance contracts. IFRS 9 Financial Instruments was published in July 2014 and will have a major impact on the accounting of financial instruments (investments). In order to maintain cohesion between the two standards, a.s.r. applies the option in IFRS 4 which allows for the deferral of the implementation of IFRS 9 until the implementation of IFRS 17 in 2023. Since 2017, a.s.r. has had an internal programme in place to prepare for the implementation of IFRS 17 and IFRS 9 throughout the Group. IFRS 17 and IFRS 9 will have a major impact on the Group's primary financial processing and reporting and could have a significant effect on financial statements and related KPIs. Finance, Risk, Audit and the business lines have all been given attention in the programmes due to the need to develop an integrated vision. For more information see chapter 6.3.3.

On 22 September 2021, the European Commission adopted a review package of Solvency II legislation. It consists of various changes to the Solvency II framework, affecting most notably the liability discount curve, the risk margin and the volatility adjustment (VA). The next step is for the European Parliament and the member states in the Council to negotiate the final legislative texts based on the Commission's proposals. The changes are expected to take effect in 2024 at the earliest and some measures will include a phase-in period of up to eight years, to 2032.

Political, regulatory and public attention has focused on unit-linked life insurance policies for some time now. Elements of a.s.r.'s unit-linked life insurance policies are challenged on multiple legal grounds in current legal proceedings and may continue to be challenged in the future. There is a risk that one or more of the current and / or future claims and / or allegations will be upheld. To date, a number of rulings relating to unit-linked life insurance products have been issued by the Financial Services Complaints Board (FSCB) and (appeal) courts in the Netherlands against a.s.r. and other insurers in specific cases. In these proceedings, different (legal) approaches have been taken to arrive at a ruling. The outcomes of these rulings are varied. Since the record of (a.s.r.'s) policies dates back many years, it contains a wide variety of products with different features and conditions and, since rulings are so diverse, no reliable estimate can be made of the timings and outcomes of these current and future legal proceedings. Although the financial consequences of these developments could be substantial, a.s.r.'s exposure cannot be reliably estimated or quantified at this point.

If one or more of these legal proceedings succeed, there is a risk that a ruling, though only legally binding for the parties involved in the proceedings, could be applied to, or be relevant for, other unit-linked life insurance policies sold by a.s.r. Consequently, the consequences of any current and / or future legal proceedings brought upon a.s.r. could be substantial for a.s.r.'s life insurance business and have a potential materially adverse effect on a.s.r.'s financial position, business, reputation, revenues, operating results, solvency, financial condition and / or prospects.

a.s.r. is currently subject to three collective actions. The claims are all based on similar grounds and have been rejected by a.s.r. a.s.r. is defending itself in these legal proceedings. The timing and outcome of these collective actions is currently uncertain and deferred. The main reason for this deferral lies with developments regarding preliminary questions from the High Court of The Hague towards the Supreme Court in the proceedings (Collective Action) between Woekerpolis.nl and another Dutch insurer.

On 12 February 2022, the Supreme Court has answered the preliminary questions from Court of Appeal The Hague on information obligations for unit-linked policies. The Supreme Court primarily considers that Dutch civil law is applicable to the legal relationship between insurer and insured. It is up to lower courts to decide whether Dutch civil law entails obligations to provide information in addition to the obligations arising from specific regulations and, if so, which obligations. The Supreme Court holds that potential additional information obligations must satisfy the criteria formulated by the Court of Justice of the EU in 2015. The collective actions against a.s.r. that have been deferred in view of the preliminary questions before the Supreme Court, will be resumed.

*Compensation scheme for unit-linked products*

In 2008, a.s.r. concluded an outline agreement with two leading consumer protection organisations to offer compensation to unit-linked policyholders if the cost and / or risk premium exceeded a specified maximum. A full agreement on the implementation of the compensation scheme was reached in 2012. The total recognised cumulative financial costs relating to the compensation scheme for Individual life in a.s.r.'s income statement up to 2021 was € 1,025.5 million. This includes, amongst other things, compensation paid, amortisation of surrender penalties and costs relating to improved product offerings. The remaining provision in the balance sheet as at 31 December 2021 amounted to € 42.7 million and is available only to cover potential additional compensation (for distressing cases and costs relating to the compensation scheme). Individual cases have a limited impact on the risk profile.

**Climate change and energy transition**

Climate change brings opportunities and risks for a.s.r., its customers and society at large. On the one hand, climate-related risks have an impact on the investment portfolio and the cost of claims. On the other hand, a.s.r. can make a positive contribution to climate mitigation and adaptation through its investments, products and / or services.

Identified climate-related / transition risks are:

- The physical risks associated with climate-induced extreme weather events.
- Loss of biodiversity.
- Transition risks associated with the energy transition.
- Reputational risks associated with consumer sentiment towards financial institutions.
- Regulation and litigation risks as announced under the EU Strategic Finance Action Plan (EU SFAP).

Physical risks, such as extreme weather events, drought and floods, could increase claims on a.s.r.'s insurance policies and potentially push up the costs of a.s.r.'s real estate portfolio. In the event of extreme weather events, the claim patterns of P&C insurance policies will become more unpredictable since it will become more difficult to gauge the likelihood of extreme weather.

Loss of biodiversity can accelerate climate change. Loss of biodiversity not only entails risks for nature and society, but also financial risks, e.g. for a.s.r.'s agricultural portfolio.

The extent of transition risks and their impact depend in part on the speed of the energy transition, government policies, technological developments and changing consumer behaviour. An abrupt climate transition will potentially have major consequences for the economy, business models and financial stability.

Climate change is a source of reputational risk as consumer sentiment towards organisations regarding the organisation's contribution to the energy transition is changing. a.s.r. assists the transition to a low carbon economy through its impact investing and by developing products and services that take the energy transition into account. a.s.r. also invests in its own office building and parking facilities to make it more sustainable: e.g. in 2021 many solar panels and a bi-directional charging system for electric cars were added.

The EU SFAP entails a large amount of new regulation which must be interpreted and implemented in a short period of time. At the same time, not all regulation is as yet definitive. This entails the risk that a.s.r. will make incorrect interpretations which could lead to negative publicity and / or fines and lawsuits.

See chapter 4.5 for more detailed information on climate-related risks and opportunities, and a.s.r.'s approach to addressing climate change and scenario analysis.

**Pressure on business model**

This risk priority concerns the contraction of the individual life insurance market combined with a more competitive insurance market, leading to margin and volume decreases. The shrinkage in the life portfolio is proceeding more slowly than initially anticipated and will continue to make a significant contribution to both the organic capital creation (OCC) and the operating result in the coming years. a.s.r. continually monitors and assesses its product portfolio and distribution channels for relevant alterations in order to meet changing customer needs and to achieve planned cost reductions as premiums fall. For example, it actively monitors the market to examine potential acquisitions or mergers.

**IT / cyber risk**

IT risk, including cyber, is constantly increasing and evolving. Malicious actors are (covertly) probing and intruding, pushing the development of more sophisticated attacks. The battle against cybercrime is ongoing and continued to dominate risk reports in 2021, especially with regard to ransomware attacks. In order to be cyber resilient, a.s.r. has a centralised programme to improve its cyber capabilities such as identification, protection, detection, respond and recover.

Digitalisation is an important strategic target for a.s.r., one which requires the trust of customers in a.s.r.'s digital services. To build this trust, a.s.r. continues to monitor the threat landscape and invests accordingly in prevention, detection and response skills and technology to strengthen its cyber resilience. At the same time, digitisation is leading to growing dependencies in the value chain ecosystem. The focus on, and increased awareness for, cyber risks is therefore a continuous challenge for both a.s.r. and its value chain ecosystem. Cloud and cloud security are important aspects of digitalisation. In 2021 a.s.r. further strengthened its ability to protect itself against malicious actors for the on premises and cloud solutions.

a.s.r. is also actively involved in partnerships with financial institutions and public agents, such as the Nationaal Cyber Security Centrum (National Cyber Security Centre (NCSC)), i-CERT and DNB Threat Intelligence-Based Ethical Red team programme (TIBER-NL), to share information and improve the resilience of the financial industry against cyber risks. Cyber resilience is important for a.s.r., and in 2021 it therefore took part in a TIBER exercise for the second time.

## Emerging risks

Emerging risks are part of a.s.r.'s risk priorities. They are defined by a.s.r. as new or existing risks with a potentially major impact, in which the level of risk is hard to define. The following identified emerging risks are described in more detail below:
- longevity risk
- changes in society and deglobalisation

**Longevity risk**

If the life expectancy of a.s.r.'s policyholders improves significantly compared to current (expected) mortality due to relatively sudden (medical and / or technological) developments in health care there is a chance that a.s.r.'s policyholders will live significantly longer compared to the current mortality assumptions, this will have an impact on a.s.r. Some improvements and unexpected breakthroughs could even ultimately result in a lower solvency for a.s.r. a.s.r. monitors the longevity developments of its own portfolio, and mitigating measures such as longevity reinsurance are continuously analysed from a risk management perspective. Based on the analysis, it was concluded that the longevity risk could if necessary be reinsured and therefore it could be considered as a lower emerging risk.

**Changes in society and deglobalisation**
Society seems to continue to fragment and further polarise, also solidarity is declining. If these trends continue, this may impact customer behaviour, customer expectations and demand for insurance products. There is a trend of growing populism in many countries, leading to deglobalisation. Populist leaders tend to favour protectionist measures such as trade tariffs. This could result in less cross-border trade and lower economic growth, with a potential impact on the returns on a.s.r.'s investment portfolio. a.s.r.'s investment department regularly assesses the economic outlook and its impact on the asset classes' risks and return. Relevant developments such as deglobalisation are taken into account.

## Financial risks

Although the strategic risks also contain financial risks, a.s.r. additionally describes other relevant financial risk aspects below. These topics are:
- COVID-19
- inflation

**COVID-19**
The effect of COVID-19 and the measures taken by the Dutch government are impacting a.s.r.'s technical result in the life and non-life business. The effect on the individual life business is limited due to excess mortality in old age (70+) in the Netherlands. Excess mortality has impacted (limited) the funeral and pension business. The effects of COVID-19 , and in particular the (movement-limiting) measures taken by the Dutch government, have had a significant effect on the claims portfolio. While it was expected at an earlier stage that the measures would lead to a higher business discontinuity, which could lead to a possible shrinkage in the commercial non-life portfolio, a.s.r. does not currently see these effects in its portfolio due to, among other things, the additional support measures from the government. The direct effect of the lockdown is obviously visible in the restriction of the freedom of movement, with vehicle insurance claims lower than in a normal year. The counterpart at a lower level are the short and long-term effects within Disability. Here a.s.r. sees an increase in sickness reports, but there are significant differences per sector, and a decrease in rehabilitation because many partial recovery / reintegration processes are currently faltering (the aid sector is also largely down / cannot do physical business). Due to the size and diversity of the claims portfolio, the underlying results compensate for the total level.

At this point in time, there remains uncertainty over the long-term effects and the impact of COVID-19 on the global economy and financial markets. As stated earlier in this report, a.s.r. is financially healthy and its capital position is solid. a.s.r. continues to closely monitor the impact of COVID-19 on the operating performance of its various business lines. a.s.r. furthermore continues to monitor the potential IFRS impact relating to the valuation of financial instruments and valuation of technical provisions which are sensitive to developments in the (long-term) interest rates.

In 2021, the Actuarial Society analysed the potential impact of COVID-19 on life expectancy in the Netherlands and concluded that it had no material impact and also that the 2020 mortality table was still valid.

**Inflation**
Inflation went up in the last two years, contrary to the development in interest rates, and had a negative impact on the solvency ratio. Divergence of interest rates and inflation is expected to disappear in time and not to grow. Although, a longer period of divergence is not unimaginable. The sensitivity of the Solvency II ratio is +10%-points in case of an interest of +1.0% and -2% in case of an inflation of +0.3%. Based on historical data, correlation exists between increased interest and higher inflation, the combined sensitivity in case of an interest of +1.0% and an inflation of +0.3% is +8%-points.

## Non-financial risks

In addition to strategic and financial risks, a.s.r. has identified several non-financial risks. In 2021, the most relevant of these were:
- COVID-19
- outsourcing risk
- data quality
- digitalisation

**COVID-19**
In the first half of 2021, the Central Crisis Team (CCT) continued to manage the impact of COVID-19. a.s.r.'s offices gradually reopened on 25 May to allow meetings and face-to-face gatherings to take place once more. The CCT was scaled down as of 18 June; the COVID-19 working group remained active to prepare decision-making on COVID-19 related issues. After the government dropped the 1.5 meter measure, the offices opened their doors to more employees from 25 September, whilst retaining a number of measures to regulate use and prevent too many people from visiting the offices. In response to the fourth wave of infections and in line with government advice, all employees worked from home from 15 November till 31 December; the a.s.r. offices were only open for necessary work.

a.s.r. has identified strategic and operational risks relating to COVID-19. For Disability (reduction of COVID-19 support measures) and Europeesche Verzekeringen (modified strategy), the possible consequential loss due to the increased (economic) uncertainty relating to COVID-19 is classified as a strategic high risk and thus potentially affects long-term value creation. The impact on a.s.r.'s operational processes in 2021 was also limited. The course of COVID-19 and its long-term consequences for a.s.r., the economy and society are inherently uncertain and might be considerable. There is also a risk that society will see a repetition of new global viral diseases in the future, with similar (global) reflexes to COVID-19.

From an operational perspective, prolonged working from home affects the vitality of employees and the social cohesion of business lines and of a.s.r. as a whole. The measures taken in this regard in 2020, such as virtual employee meetings, training opportunities and online workouts, were continued into 2021. In order to monitor how a.s.r. employees were doing while working entirely from home, a.s.r. continued to deploy the Employee Mood Monitor. The results gave an insight into the pillars of dedication, job satisfaction and vitality and a reason to discuss these issues within teams or use targeted interventions by management.

COVID-19 has clearly shown that employees have been presented with a substantial change as a result of combining working from home with working in the office. In the second quarter of 2021, the policy on office-based working was developed in the wake of the pandemic. It creates a framework for the hybrid situation in which employees work both in the office and at home, and formulates basic principles for implementing this. For example, a.s.r.'s customers and their needs are central; employees work independently of time and place; and employees are given the confidence and space to manage their tasks as they see fit. Another principle is that employees work at least two days a week in the office on average. The office has been upgraded in 2021 to provide new (hybrid) meeting and contact facilities. The implementation of this policy (re-boarding) is a learning and organic process in which adjustments are made when necessary.

**Outsourcing risk**

In 2021 a.s.r. further strengthened the governance of outsourcing by centralising responsibility for it. Outsourcing risk (internal and external) is managed and reported as part of the overall operational risk. Outsourcing risk remains relevant for a.s.r., especially in view of cyber resilience and growing dependence on suppliers. a.s.r. is fully aware of these potential risks and regulatory developments. An outsourcing framework is in place to define responsibilities, processes, risk assessment and mandatory controls. a.s.r. plans to expand the available information using an external database, which allows it to increase the insight of key suppliers.

**Data quality**

Sound data quality has become increasingly important for a.s.r. in relation to financial (including regulatory) reporting (SII, IFRS) and the digital transformation and ambitions it pursues. In this regard, insufficient data quality could pose a threat to the degree:
- Processes can be digitised.
- Operations can be made efficient.
- The front-end of business can be transformed.
- Customer and advisory relationships / connections can be enhanced.

As such, a.s.r. recognises the importance of sound data quality (both financial and non-financial). To uphold the reliability and confidentiality of its data, a.s.r. has an explicit data quality policy in place defining the data quality (including control) framework and data governance. Adherence to this policy is ensured by the three lines of defence risk governance model. With a new Central Data Office and a Data Quality Improvement Programme, additional measures are taken to increase maturity in data management practices.

**Digitalisation**

As mentioned earlier, digitalisation is an important strategic target for a.s.r. Therefore, agility and risk both drive the rate of change as they coincide in digitising the customer experience. Agility breaks down complexity and delivers focus while risk reduces uncertainty and insures value. a.s.r. shifts from traditional to digital communication channels which changes risk exposure and this leads to policy realignment. On an operational level, digitalisation is an enabler to reduce effort in monitoring business processes and to automate risk management controls. At a strategic level, digitalisation enables data-driven insight by combining process and customer experience data. The continuous change that digitalisation brings about requires development risks to be integrated in automated pipelines in order to minimise risks without hindering the continuous delivery of business value.

## Farmers as part of the solution
to the carbon problem

a.s.r. encourages farmers to work together to accelerate the sustainability transition of the agricultural sector. This is better for the environment and for the farmer’s wallet. Because a.s.r. rewards farmers who are committed to sustainable business operations with a 5 to 10% discount on the ground rent or lease of the agricultural land they have in use from a.s.r.

Dairy farmer Tom ten Kate is one of these farmers. His milk has been going to dairy factory A-ware since 2012, for Albert Heijn’s nature label. Since Tom no longer ploughs his grassland, the soil is healthier and more resistant to climatic extremes. His cows are outside more often and he has chosen for a sustainable land use where carbon is fixed in the soil through organic matter. This makes the soil healthier and more resilient to climate extremes.

Tom completed his business plan when a.s.r. leased 16.5 hectares of additional land to him. Now his cows no longer need any extra feed concentrates and Tom no longer needs to bother himself with the disposal of manure. As a result, his farm emits less carbon and A-ware pays him 5 cents per litre more than the basic price for milk.

# 4.3 Compliance

**The Compliance function is a centralised function which is headed by the compliance manager for both a.s.r. and the supervised entities. The compliance function, part of the second line of defence, is considered a key function in line with the Solvency II regulation. The CEO bears ultimate responsibility for the compliance function and the compliance manager has a direct reporting line and access to the CEO.**

The compliance manager also has an escalation line to the chair of the A&RC and / or the chair of the SB in order to safeguard the independent position of the compliance function and allows it to operate autonomously. The compliance manager is entitled to scale up critical compliance matters to the highest organisational level or to the SB.

To enhance and ensure a controlled and sound business operation, the Compliance function is responsible for:
- Encouraging compliance with relevant legislation and regulations, self-regulation, ethical standards and the internal standards derived from them (the rules) by providing advice and formulating policies.
- Monitoring compliance with the rules.
- Monitoring management of compliance risks by further developing adequate compliance risk management, including, where necessary, advising on business measures and actions.
- Creating awareness of the need to comply with the rules and desired ethical behaviour.
- Coordinating interaction with regulators in order to maintain effective and transparent relationships.

### Compliance risks 2021

Developments in rules and in the management of (identified) compliance risks and action plans provide the basis for the annual compliance plan and compliance monitoring activities. a.s.r. continuously monitors changing legislation and regulations and assesses their impact on a.s.r. and the corresponding measures to be taken.

In 2021, a.s.r. paid specific attention to the main compliance risks described below.
- Customer Due Diligence (CDD) related risks (including anti-money laundering) remain relevant for a.s.r. in order to guarantee sound and controlled business operations. To ensure that a.s.r. performs the CDD process correctly and in full, parts of the CDD screening and tooling have been centralised. The central CDD desk, consisting of Compliance, Investigations, Legal and representatives of the business lines, functions as an expertise centre and recommends ensuring a consistent screening approach. On the basis of the monitoring of compliance with CDD regulation and policy performed in 2020, compliance has been further assured and the governance has been sharpened. In 2021, the Authority for the Financial Markets (AFM) conducted an investigation into compliance of the Wet ter voorkoming van witwassen en financieren van terrorisme (Anti-Money Laundering and Anti-Terrorist Financing Act) and the 1977 Sanctions Act at the business line Asset Management. The AFM noted that Asset Management is compliant on many aspects. However, some shortcomings have been identified regarding tailoring CDD to the risk sensitivity of some customer files. The AFM has not proceeded with formal enforcement and has closed the investigation in view of the findings. Measures are drafted to address the shortcomings.
  The central CDD desk has developed an uniform monitoring framework for demonstrable compliance with the CDD policy with the business lines and is intensifying the training programme.
- Increasing attention has been given to sustainability and the implementation of regulations as announced under the EU Taxonomy Regulation. Detailed information can be found in chapter 4.4.
- a.s.r. considers it important that personal data are handled with care. After the General Data Protection Regulation (GDPR) entered into force in 2018, attention was devoted to this in the recent years. The following themes were included in the monitoring study performed in 2021: the rights of data subjects, the policy on keeping data, keeping data out of sight and awareness on the topic. The resulting actions are almost completed. More information on this topic can be found in chapter 3.4.5.

Other monitoring activities at Group and business line level included compliance with the rules and regulations and the policy on remuneration, the PARP, handling of customer requests, intra-group outsourcing, internal exchanges of business-sensitive and / or price-sensitive information and the registration and reporting of data breaches and the quality of information provided to customers. Compliance was also involved with a.s.r. Vooruit and BND IORP.

Moreover, in order to guarantee sound and controlled business operations, a.s.r. has taken a number of control measures to prevent, identify and combat unethical behaviour, including corruption. In 2020 a.s.r. introduced computerised in-employment screening. The implementation of tooling to further improve monitoring and awareness throughout the business with respect to insiders, incentives and outside business activities and material non-public recording of information took place in the course of 2021.

### Reporting

The compliance manager issues quarterly reports on compliance matters and on the progress made regarding advised business measures and actions at Group level, supervised entity (OTSO) level and business line level. The quarterly report at division level is discussed with the management responsible and with the relevant Business Risk committees. The quarterly report at Group and OTSO level is presented to and discussed with the individual members of the EB, with the NFRC, the a.s.r. Risk Committee and with the A&RC of the SB. The report is shared and discussed with DNB, the AFM and the internal and external auditor.

# 4.4 EU Taxonomy Regulation

**On 12 July 2020, the EU Taxonomy Regulation (Regulation (EU) 2020/852) entered into force and is effective for annual reporting periods starting at or after 1 January 2021.**

### General information

The EU Taxonomy Regulation is a classification system that helps investors, companies and financial institutions define a standardised understanding of which economic activities can be considered environmentally sustainable. Its purpose is to facilitate sustainable investment, protect private investors from greenwashing and help companies become more focused on sustainability. To this end, it applies a list of environmentally sustainable activities and defines criteria for categorising the activity as sustainable under the EU Taxonomy Regulation.

The EU Taxonomy Regulation obliges large companies to report on the taxonomy eligibility and taxonomy alignment of the environmentally sustainable economic activities in their business, investments or lending activities. Depending on the type of undertaking, the EU Taxonomy Regulation requires that companies disclose quantitative and qualitative information on their taxonomy eligible and taxonomy aligned economic activities.

The EU Taxonomy Regulation will become applicable in stages and is still being developed. It includes a transition period for financial institutions for the 2021 financial year which limits disclosure to the taxonomy eligibility of economic activities for two climate-related environmental targets: climate change adaptation and mitigation (as laid down in the Climate Delegated Act (Regulation (EU) 2021/2139)). Eligibility disclosure over the other four environmental targets, plus alignment information, is not yet required.

The relevant economic activities of a.s.r. in light of the EU Taxonomy Regulation are its insurance underwriting activities and investments. a.s.r. has assessed whether these economic activities are taxonomy eligible in relation to the applicable environmental targets: climate change adaptation and mitigation. In the following chapters, the EU Taxonomy Regulation disclosures of a.s.r. for the 2021 financial year are explained together with the definitions, approach and assumptions underlying the eligibility information.

**Taxonomy eligibility of the insurance underwriting activities**

| | 2021 | |
|---|---|---|
| | GWP in € million | % of total GWP |
| Taxonomy non-eligible economic activities | 2,520 | 75 |
| Taxonomy eligible economic activities[1] | 845 | 25 |
| **Total Non-life** | **3,365** | **100** |

## EU Taxonomy Regulation disclosures

With regard to the EU Taxonomy Regulation, a.s.r. reports on eligibility for its underwriting activities and investments.

### Insurance underwriting activities

The non-life GWP include premiums from P&C, Disability and Health.

*P&C*

For P&C, the relevant lines of business for a.s.r. described in the Climate Delegated Act are income protection insurance, motor vehicle insurance, other motor insurance, marine, aviation and transport insurance, fire and other damage to property insurance, and assistance. The taxonomy eligible economic activities are the insurance policies within these lines of businesses that also cover climate-related hazards such as heat waves and wildfires, wind-related hazards such as storm, water-related hazards such as flood and heavy precipitation, and solid mass-related hazards such as landslides.

*Disability*

For Disability the relevant line of business included in the Climate Delegated Act is income protection. To establish eligibility of the underwriting activities of Disability, a.s.r. uses information such as insurance terms and conditions of customer policies. Part of the underwriting premium of Disability is related to the coverage of heat stress, a temperature-related climate peril. Claims paid are based on syndromes or illnesses incurred and reported by

1 Taxonomy eligibility is determined at the coverage level. When Taxonomy eligibility is determined at lines of business level, the eligibility would have been 40% instead of 25%. For more information see header Key estimates and assumptions in this chapter.

policyholders. The cause of a syndrome or illness is not registered due to privacy legislation. Based on the current understanding of the syndromes, a.s.r. estimates the percentage of total claims related to heat stress as immaterial. a.s.r. therefore considers the full premium for income protection insurance taxonomy non-eligible.

*Health*
All Health premiums were considered taxonomy non-eligible due to the highly regulated health insurance market in the Netherlands, which entails that these are applied to cover health-related costs and are therefore not in the scope of the EU Taxonomy Regulation.

**Taxonomy eligibility of the investments**

| | 31 December 2021 | |
|---|---|---|
| | Amounts in € million | % of total investments covered[1] |
| Derivates | 6,214 | 11 |
| Investments in undertakings that are not in scope of NFRD[2] | 16,381 | 30 |
| Taxonomy non-eligible economic activities | 12,538 | 23 |
| - based on readily available information | 2,157 | 4 |
| - based on estimates[3] | 10,381 | 19 |
| Taxonomy eligible economic activities[4] | 18,994 | 35 |
| - based on readily available information | 13,068 | 24 |
| - based on estimates[3] | 5,926 | 11 |
| **Total investments covered by the EU Taxonomy Regulation** | **54,128** | **100** |
| | | |
| **Investments not covered by the EU Taxonomy Regulation** | | |
| Exposure to central governments, central banks and supranational issuers | 16,310 | - |

**Investments activities**
Total investments on behalf of policyholders and investments related to investment contracts that are included within total investments are € 13,526 million.

*Investments*
The main activities covered by the taxonomy eligible investments are related to:
- Acquisition and ownership of buildings.
- Manufacture of renewable energy technologies, equipment for the production and use of hydrogen, or other low carbon technologies. Installation, maintenance and repair of energy efficiency equipment, charging stations for electric vehicles in buildings and parking spaces attached to buildings, instruments and devices for measuring, regulation and controlling energy performance of buildings, or of renewable energy technologies.
- Electricity generation using solar photovoltaic technology, concentrated solar power (CSP) technology, wind power, ocean energy technologies, hydropower, geothermal energy, renewable non-fossil gaseous and liquid fuels or bio-energy. Cogeneration of heat / cool and power from solar energy, geothermal energy, renewable non-fossil gaseous and liquid fuels or bioenergy.
- Manufacture of low carbon technologies for transport.
- Non-life insurance and reinsurance: underwriting of climate-related perils.
- Transmission and distribution of electricity.
- Infrastructure for rail transport.
- Reinsurance.
- Manufacture of energy efficiency equipment for buildings.

*Real estate and real estate equity funds*
The main activities covered by the taxonomy eligible investments are related to the acquisition and ownership of buildings, construction of new buildings, renovation of existing buildings, electricity generation from wind power, and to a certain degree forest management.

The farmland portfolio (€ 1,841 million) is considered taxonomy non-eligible as the activity related to agriculture is currently not included in the Climate Delegated Act.

*Mortgages and mortgage funds*
The main activities covered by the taxonomy eligible investments are related to the funding of acquisition and ownership of buildings, construction of new buildings and renovation of existing buildings.

**Description of compliance with the EU Taxonomy Regulation with regard to the business strategy, product design processes and engagement with clients and counterparties**
a.s.r. complies with the current scope of the EU Taxonomy Regulation for the 2021 financial year.

Increasing climate-related perils are taken into account when establishing the mid- and long-term strategy of a.s.r., the product design processes, the acceptance policy for

1 Total investments covered includes all direct and indirect investments as defined in the EU Taxonomy Regulation with the exception of investments with exposure to central governments, central banks and supranational issuers.
2 Undertakings not subject to an obligation to publish non-financial information pursuant to the EU Taxonomy Regulation.
3 This concerns mainly investments and savings mortgages.
4 Taxonomy eligibility is based on the investments covered by the EU Taxonomy Regulation. When taxonomy eligibility is determined based on total investments (including the exposure to central governments, central banks and supranational issuers), the eligibility would have been 27% instead of 35%.

customers, claims handling and means of communication. Continuous improvements will be made based on the strategy of a.s.r., taking into consideration the applicable legislation.

### Definitions explained
For the purpose of the EU Taxonomy Regulation, the following definitions are applied.

### Eligibility versus alignment
A taxonomy eligible economic activity means that the economic activity is described in the Climate Delegated Act, the economic activity does not have to be sustainable. Being taxonomy eligible implies that the economic activity is in scope for further assessment in respect of the particular environmental target, to determine whether it meets the criteria for taxonomy alignment and if so, to what degree.

Alignment of an activity goes beyond eligibility. Taxonomy alignment implies that an economic activity complies with the requirements enumerated specifically for this economic activity in the EU Taxonomy Regulation. An economic activity is considered aligned with the EU Taxonomy Regulation if the activity (in accordance with article 3 of the EU Taxonomy Regulation):
1. Makes a substantial contribution to one or more of the environmental targets set out in the EU Taxonomy Regulation.
2. Does not significantly harm any of the environmental targets set out in EU Taxonomy Regulation.
3. Is carried out in compliance with minimum safeguards such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.
4. Complies with technical screening criteria that have been established by the European Commission in the Climate Delegated Act.

At the same time, if an economic activity is not considered taxonomy aligned, this does not mean that the activity is not sustainable. It means that the economic activity does not substantially contribute to one of the six environmental targets currently identified by the EU Taxonomy Regulation. It may still have other positive impacts on sustainability.

a.s.r. also pursues other sustainable targets with its economic activities which are not or not yet included in the EU Taxonomy Regulation. For example, social targets are currently not considered. It is expected that over time, more activities will be included with the further development of the EU Taxonomy Regulation.

### Eligibility of insurance underwriting activities
The eligibility disclosure for underwriting activities requires disclosure on the proportion of taxonomy eligible and taxonomy non-eligible non-life insurance economic activities. Eligible non-life GWP relates to insurance activities that are described in the Climate Delegated Act.

The EU Taxonomy Regulation specifically excludes life insurance business from the eligibility of insurance underwriting activities. The investments of life insurance contracts are included in the eligibility assessment of investments.

Non-life GWP are based on the total non-life GWP as reported under SII legislation. Part of the disability portfolio is considered life insurance under SII legislation and is therefore not in scope of the total non-life GWP for this disclosure.

### Reconciliation total GWP to total non-life GWP in scope of the EU Taxonomy Regulation

| | 2021 | | |
|---|---|---|---|
| In € million | Total GWP | Not in scope Taxonomy | Total non-life GWP in scope of Taxonomy |
| P&C | 1,603 | - | 1,603 |
| Disability | 1,288 | 756 | 531 |
| Health | 1,231 | - | 1,231 |
| Life | 1,738 | 1,738 | - |
| **Total** | **5,859** | **2,494** | **3,365** |

For the 2021 financial year, eligibility for non-life insurance underwriting activities is based on the following requirements:
1. The GWP are reported in one of the following non-life lines of business as defined under SII legislation:
   - medical expense insurance
   - income protection insurance
   - workers' compensation insurance
   - motor vehicle liability insurance
   - other motor insurance
   - marine, aviation, and transport insurance
   - fire and other damage to property insurance
   - assistance
2. The related underwriting activities cover at least one of the climate-related perils as described in the delegated act.

Lines of business which by definition are not taxonomy eligible are general liability insurance, miscellaneous financial loss, legal expenses insurance, and credit and suretyship insurance.

### Eligibility of investments
For the 2021 financial year, investments directed at funding or are associated with economic activities as described

in the Climate Delegated Act are considered taxonomy eligible.

a.s.r. is required to report on:
- The proportion in its total assets of exposures to taxonomy non-eligible and taxonomy eligible economic activities.
- The proportion in its total assets of exposures in derivatives.
- The proportion in its total assets of exposures to central governments, central banks and supranational issuers.
- The proportion in its total assets of exposures to undertakings that are not obliged to publish non-financial information pursuant to the EU Taxonomy Regulation.

Exposures in derivatives, central governments, central banks, supranational issues and undertakings that are not obliged to publish non-financial information are excluded from the eligibility assessment.

Total assets are not defined in the EU Taxonomy Regulation. a.s.r. interprets total assets as total investments given that the assets that are in scope for alignment purposes only cover investments.

Total investments include all direct and indirect investments of a.s.r., including own book investments, investments on behalf of policyholders, investments related to investment contracts, loans and mortgages, investment property, property for own use, plant (wind parks) and equipment, as well as, where relevant, intangibles. Investments managed on behalf of third party clients are not included.

Investments covered by the EU Taxonomy Regulation are total investments excluding exposure to central governments, central banks and supranational issuers.

Investments are accounted for using the same accounting principles as applied to the IFRS consolidated financial statements.

**Reconciliation total assets to total investments in scope of the EU Taxonomy Regulation**

| | 31 December 2021 | | | |
|---|---|---|---|---|
| In € million | Total assets | Assets not qualifying as investments | Investments not covered by the EU Taxonomy Regulation | Total investments covered by the EU Taxonomy Regulation |
| Investments[1] | 47,075 | 56 | 16,310 | 30,709 |
| Derivates | 6,212 | - | - | 6,212 |
| (Investment) property[2] | 2,530 | - | - | 2,530 |
| Loans and receivables | 15,259 | 849 | - | 14,410 |
| Other[3] | 3,963 | 3,697 | - | 267 |
| **Total** | **75,040** | **4,602** | **16,310** | **54,128** |

### Key estimates and assumptions

a.s.r. has made efforts to gather the required data for taxonomy eligibility. In view of uncertainties in the legislation and limitations in the availability of data at the time of preparing the Annual Report, the disclosures made only represent a snapshot at the time of the drafting of the available information. a.s.r. has used interpretations, estimates and assumptions to some extent in order to arrive at the required disclosures. The disclosures made therefore constitute only an indication of the eligibility of the economic activities of a.s.r. The legislation is also still in development. Further delegated legislation will be developed and will take effect in the coming years. The rules will further take shape. Partly for this reason, the publicly available data is expected to improve. Given the above developments, the disclosures made, including the interpretations, estimates and assumptions, will change over time.

The reported figures do not yet show the extent to which the economic activities of a.s.r. are taxonomy-aligned, as described in Article 3 of EU Taxonomy Regulation. Because additional requirements must be met for taxonomy alignment, the expectation is that the taxonomy alignment will differ substantially from the taxonomy eligibility of the economic activities of a.s.r.

The main estimates, assumptions and judgments in applying the EU Taxonomy Regulation are:

*Underwriting activities*

a.s.r. offers its underwriting activities both directly and through advisors or mandated agents. Own source information was used to determine eligibility for the insurance premium of P&C for insurance policies sold through the direct distribution channels, such as insurance terms and conditions of customer policies. For policies sold by advisors with delegated authority and mandated brokers, no detailed information was available and therefore the same portfolio composition was assumed as for the intermediary channel.

a.s.r. has chosen to report the eligibility of the GWP on coverage level. If a climate related peril is included within the coverage of a non-life insurance product, the GWP of that coverage is considered taxonomy eligible. Currently,

1 Investments includes investments own book, investments on behalf of policyholders and investments related to investment contracts. Assets not qualifying as investments are mainly cash and cash equivalents on behalf of policyholders and investment contracts.
2 (Investment) property includes investment property, property for own use, and plant.
3 Assets not qualifying as investments are goodwill, VOBA, deferred tax assets, reinsurance contracts, other assets and cash and cash equivalents. Assets qualifying as investments are other intangible assets, equipment, associates and joint ventures.

the EU Taxonomy Regulation is unclear whether the eligibility of the GWP needs to be reported on the total line of business level or on a more granular level such as coverage level. a.s.r. considers that reporting on coverage level would give investors a better understanding of the taxonomy eligibility of a.s.r.'s insurance activities.

*Investments*
The eligibility of the investments is based on the Taxonomy Compass of the European Commission and has been determined using Bloomberg data on the Statistical Classification of Economic Activities in the European Community, commonly referred to as NACE codes. This is the industry standard classification system used in the EU. Bloomberg runs the most granular company activities through Bloomberg Industry Classifications. The main activity is then mapped back to the NACE code. a.s.r. considers an investment taxonomy eligible if the NACE code of the investment matches one of the NACE codes of the economic activities in the Climate Delegated Act.

Given the recent publication of the Climate Delegated Act, there is a lack of available data in the market, resulting in incomplete data on certain investments. Such as:
- Four economic activities in the Climate Delegated Act do not have a NACE code; restoration of wetlands, storage of electricity, storage of thermal energy and storage of hydrogen. Investments in these economic activities can not be identified. a.s.r. believes that the taxonomy non-eligible category may therefore be overstated by a limited amount.
- The NACE code per investment is based on the main activity of the underlying entity. Consequently, an investment is either completely taxonomy eligible or taxonomy non-eligible. a.s.r. expects that the impact will be limited as both overstatement or understatement of eligibility is possible.
- For investments funds, a.s.r. depends on the information availability from the external fund managers. For the underlying activities of investment funds for which no information was available, a.s.r. made an assessment of the investments classified as investments in undertakings that are not in scope of NFRD. The remaining investments were classified as taxonomy non-eligible. The impact is expected to be limited.

Estimates are used to report an approximation of the taxonomy eligibility of the investments in financial and non-financial undertaking as, at this moment in time, the required information from these investee companies is not yet available. The estimates are, amongst others, based on information provided by data vendors. For this reason, mainly the taxonomy-disclosures regarding investments and savings mortgages are on a voluntary basis.

*(Investment) property and real estate equity funds*
For real estate equity funds, eligibility is determined using the economic activities of the underlying assets in that fund. Own source information was used to establish eligibility of the real estate portfolio, such as knowledge of the underlying assets and operation. For external real estate equity funds, the information was provided by the fund manager.

*Mortgages and mortgage equity funds*
For the most part, own source information was used to establish the eligibility of the mortgages, such as mortgage agreements. For external mortgage funds, the information was provided by the fund manager.

*Future developments*

*Taxonomy*
For the 2021 financial year, only the first two environmental targets are in scope for the eligibility assessment. The remaining four environmental targets are expected to be included in the eligibility disclosures from the 2022 financial year onwards. Alignment will also be determined for Annual Reports starting at or after 1 January 2023.

The application of the EU Taxonomy Regulation and its delegated acts will be regularly reviewed and updated by the European authorities, with the possibility to revise and / or complement the list of environmentally sustainable activities, their criteria, as well as the further development of the Taxonomy classification system, including a potential scope expansion.

*Corporate Sustainability Reporting Directive*
The Corporate Sustainability Reporting Directive (CSRD) is expected to replace the NFRD and to apply to reports published in 2024 (covering the 2023 financial year). It is as yet too early to determine the impact for a.s.r.

# 4.5 **Climate** change

**Dealing with climate change is one of the greater challenges of our time. a.s.r. will therefore have to step up its efforts towards a climate-neutral society. a.s.r. is aware of the importance of this and, as an insurer and investor, wants to play a role in the energy transition. In this chapter a.s.r. will briefly describe how a.s.r. identifies, measures and manages climate risks and opportunities for its business in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. For a more detailed description, please refer to the Climate report 2021 on www.asrnl.com.**

## Governance

Within the Executive Board (EB), the CEO has final responsibility for the sustainability theme. The EB shares responsibility for the implementation of the business strategy and is supported in its implementation by the Business Executive Committee (BEC). The Sustainability Workforce and the TCFD Working Group support the BEC in its responsibility for policy development and implementation. TheSustainability Workforce reports quarterly on the climate targets and other sustainability targets and KPIs to the BEC. The BEC discusses the results together with the risks and makes adjustments where necessary. In 2021, an ESG committee was established within the Supervisory Board (SB). This Nomination & ESG Committee advises and supports the SB with its supervisory role regarding ESG developments and results of the sustainable business strategy.

## Strategy

a.s.r.'s climate policy consists of four strategic pillars, through which a.s.r. manages the risks associated with its investments and insurance products, while at the same time aiming to contribute to solutions.

1. Helping customers to prevent or reduce climate risks.
2. Stimulating the energy transition.
3. Incorporating climate risks into business processes.
4. Contributing to sector initiatives.

The Climate report 2021 explains how a.s.r. gives substance to these pillars.

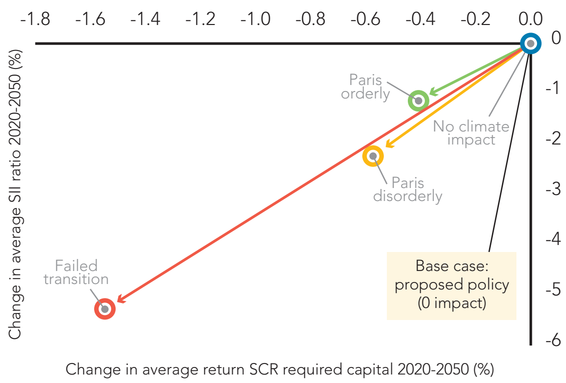
For a.s.r., climate change is a direct risk, both to its assets and liabilities.

*Asset Management*

Since 2018, a.s.r. validates its investment strategy by analysing the impact on various metrics in its RAS due to climate change, based on climate scenario sets. a.s.r. has incorporated the impact of the different climate pathways on all assets in the annual SAA study.

a.s.r. considers itself resilient to climate change under different climate scenarios. The impact of the three climate pathways on the Solvency II ratio and the average return on capital is limited. The main reasons for the limited impact are: the European focus of the investment portfolio, the ESG policy and the dynamic investment policy. a.s.r. invests less in countries, markets and companies that are hit harder. The dynamic investment policy also provides for de-risking in the event of falling solvency due to climate change.

**Average SCR ratio vs. average return on SCR**




- The return on SCR (Solvency Capital Requirement) becomes lower as the Paris Agreement target is not achieved. This is due to the direct impact of physical risks and therefore also indirectly due to a decrease in return expectations under the different climate pathways.
- Within the Paris disorderly scenario, abrupt sales of stranded assets are expected around 2025. This will cause a major financial crisis. The solvency development in that period is slightly different, but because of the ESG policy a.s.r. is well able to withstand this.
- A failed transition to the Paris Agreement is a.s.r.'s largest risk. In such a case the average SCR ratio will fall more sharply as a result of lower returns due, in particular, to physical risks.

*Real Estate*

Climate change poses risks to the built and rural property managed by a.s.r. Physical risks include inundation from large amounts of precipitation, but also drought, heat and flooding can cause damage to buildings, land and its users. Attention is also paid to transition risks involving financial investments. For example, new legislation and regulations are being drawn up at the national and international level in the context of making real estate more sustainable and reducing chemical substances such as PFAS and NO2. In addition to applicable legislation and regulations, a.s.r. real estate contributes to the energy transition and a sustainable living environment through investments in wind and solar parks, and a.s.r. works with the agricultural sector on sustainable soil management and increasing biodiversity. In addition, a.s.r. is constantly

High risk of flooding
(in % of mortgages)

0.11

working on making the homes and buildings in its property portfolio more sustainable.

*Mortgages*
Physical climate risks within the mortgage portfolio may be caused by damage to houses due to climate-related events, which either lead to a decrease in the value of the collateral and / or affect homeowners' ability to pay or repay their mortgage. The floods in Limburg in the summer of 2021 showed that much of the damage caused by floods may be covered by insurance, provided the damage comes from secondary flood defences. In addition, the government stepped in for uninsurable risks, such as flooding from primary water defences. The climate risks analysed relate to heat stress and water damage in 2050. The greatest climate risk is that of flooding, as the collateral may become damaged or uninhabitable. For the a.s.r. portfolio, 0.11% of the homes are at high risk of flooding and 5.94% of the homes are at medium risk. High risk within this portfolio is >1/30 per year and medium risk is 1/30 to 1/300 per year. On none of the tested risks does a.s.r.'s portfolio run a significantly higher risk than the average Dutch residential portfolio.

In order to make homes more sustainable, a.s.r. helps its mortgage customers to obtain financing on favourable terms.

*P&C*
Climate risks also affect non-life insurance. P&C takes into account the increasing climate influences in its medium and long-term strategy. In the short and medium-term, a.s.r. identifies risks in fire and traffic products, among others, due to an increase in extreme weather. This results in more and higher claims. In the medium-term, a.s.r. may also be confronted more frequently with floods from non-primary water defences and the resulting cost of claims. P&C regularly determines the total loss ratio per product in relation to climate change over the past period and makes forecasts for several years for setting its premiums, among other things using Royal Netherlands Meteorological Institute (KNMI) data.

For the longer term, a.s.r. used climate analyses. On the basis of several climate scenarios, these analyses provided insight into the long-term effects of climate risks in the Netherlands. These insights are used in a.s.r.'s long-term calculations and thus have an effect on long-term premiums, long-term cover, and acceptance policy and reinsurance strategy for non-life products that involve climate cover. This analysis showed that reinsurance continues to provide sufficient cover for the increasing physical risks.

Increasing legislation and regulations, as well as new risks resulting from the energy transition and new sustainable technologies, constitute transition risks for the P&C business.

In order to reduce risks, a.s.r. continuously monitors developments in climate influences and adjusts its acceptance policy (underwriting), products, claims handling and means of communication accordingly. In addition, a.s.r. encourages its customers to take preventive measures in order to avoid damage, e.g. by providing tailor-made advice during inspection visits.

## Risk management
To fully understand the potential physical and transition impacts of climate change on its business, a.s.r. has developed a top-down and bottom-up management approach.

The bottom-up approach revolves around the relevant business lines within a.s.r. developing measures and tools to mitigate identified climate-related risks or capture its opportunities. This ranges from portfolio construction, exclusions and engagement within its asset management business, to underwriting taking into account climate risks, client engagement and developing new products and services within mortgages and P&C businesses.

In the top-down approach a.s.r. has since several years made use of scenario-driven insights[1] into the resilience of the business, mainly focused on the impact of climate change on assets. This is done by three climate scenarios with a 30-year horizon based on the SAA 2021 model:

1 The climate scenario sets were prepared by Ortec Finance. IPCC makes scientific climate projections which Cambridge Econometrics uses to determine GDP shocks and Ortec Finance translates these into scenarios with systematic climate risk.

| | Scenarios | | |
|---|---|---|---|
| **Aspect of the scenario** | **Orderly transition according to 'Paris'** | **Disorderly transition according to 'Paris'** | **Failed transition according to 'Paris'** |
| Calculated temperature increase for 2081-2100 compared to average 1850-1900 | ~1.8°C | ~2.7°C | ~4.4°C |
| Temperature increase bandwidth with 90% probability | +1.3°C to +2.4°C | +2.1°C to +3.5°C | +3.3°C to +5.7°C |
| In line with UN climate panel's emission scenario in IPCC 6 | SSP1-2.6* | SSP2-4.5* | SSP5-8.5* |
| Assumptions | • Major impact of transition through policy and technology drivers<br>• The transition is assumed to be 'smooth'<br>• Climate risks are priced in dynamically and 'smoothly'<br>• Physical impact is significant but lower than in case of a failed transition | • Major impact of transition through policy and technology drivers<br>• Transition has a disruptive effect on financial markets with repricing followed by sentiment shock and stranded assets<br>• Physical impact is significant but lower than in case of a failed transition | • Limited impact of the transition through a business-as-usual pathway without new policy<br>• Major physical impact affecting productivity and more frequent and severe extreme weather events<br>• Markets are late in factoring in physical risks |

* SSP = Shared Socioeconomic Pathways = plausible world views that assume different socio-economic, technological and demographic developments in the future

The Climate Risk Monitor was developed to manage climate risks within the urban property portfolio. This is an analysis tool for decision-making in acquisitions, disinvestments and portfolio maintenance. The Climate Risk Monitor contains building-specific data combined with climate data from the Climate Effect Atlas.
These datasets are then combined in the Geographic Information System (GIS) to generate cartographic layers that provide a quantitative insight into the level of risk per asset. By 2021, the climate dataset was embedded in the business processes.

A risk analysis was also carried out for the mortgage portfolio on the basis of the climate effect atlas in order to generate insight into the risk areas for flooding, for example. Because mortgages at a.s.r. can run for up to 40 years, it is important to have insight into the long-term risks for this portfolio.

Overall, climate risks are incorporated into a.s.r.'s risk appetite and part of the regular risk management processes such as the annual group-wide Strategic Risk Analysis (SRA) process. Material climate risks including storms and floods, identified in the SRA process, are incorporated into the scenario analysis of the ORSA and quantified by the business actuary teams. The ORSA is a source for calculating premiums, setting up the necessary reserves and identifying the level of necessary reinsurance arrangements.

### Metrics and targets

a.s.r. believes it can make a positive impact through a sustainable investment policy and by developing insurance products and services that support the energy transition and help customers adapt to climate risks.
In addition, a.s.r. continuously works to reduce its own (indirect) negative impact. The following targets have been set for this:

### Climate metrics and targets

| KPIs | Target | 2021 progress |
|---|---|---|
| Reduction of carbon footprint of the investment portfolio's in-house own funds[1] | 65% by 2030 | 56% |
| Impact investments | € 4.5 billion in 2024 | € 2.5 billion |
| Reduction of carbon emissions in the insurance portfolio | Climate neutral by 2050 | Methodology is work in progress |
| Damages to vehicles and fire damage to property insured by P&C are repaired sustainably | 85% vehicles by 2025<br>50% property by 2025 | The first data was available in the fourth quarter. It is not possible yet to report 2021 percentages. |
| Make P&C's insurance products, as far as they are influenced by climate risks and opportunities, more resilient and enhance these products with (more) sustainable covers | 100% by 2025 | 48% |

1 This includes: listed shares, corporate bonds, government bonds, real estate investments and the mortgage portfolio.

# 4.6 **Statements of the** Executive Board

a.s.r.'s consolidated and company financial statements for 2021, as well as chapters 1 - 5 of the Annual Report, have been prepared in accordance with the IFRS as adopted by the EU and with applicable Dutch law.

As required by Section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act, the Executive Board (EB) declares that, to the best of its knowledge:

I. The financial statements provide a true and fair view of the assets, liabilities, financial positions and earnings of a.s.r. and the enterprises included in the consolidation taken as a whole.
II. The management report provides a fair view of the position at the balance sheet date and developments during the year under review and the enterprises included in the consolidation taken as a whole, together with a description of the principal risks confronting a.s.r.

In accordance with best practice 1.4.3 of the Dutch Corporate Governance Code of December 2016 and based on the evaluation carried out, the EB declares that, to the best of its knowledge:

I. The report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems (see chapter 4.2).
II. The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies (see chapter 4.2, 4.3 and 6.8).
III. Based on the current state of affairs, the preparation of the financial reports on a going concern basis is justified (see chapter 2 and 6).
IV. The report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of 12 months after the preparation of the report (see chapter 2.2, 2.4 and 6).

Utrecht, The Netherlands, 22 March 2022

Jos Baeten, CEO
Ewout Hollegien, CFO
Ingrid de Swart, COO / CTO

# 5

# Governance

## The energy transition

a.s.r. works with selected repair companies that use environmentally-friendly resources, work for lower energy consumption, process waste in the correct manner and re-use materials. In its own business operations, a.s.r. makes use of clean energy sources to keep the impact on the climate as low as possible.

# 5.1 **Corporate** Governance

**This chapter describes the corporate governance and legal structure of a.s.r. a.s.r. is a public listed company with a two-tier board governance structure. The Executive Board (EB) consists of three members and the Supervisory Board (SB) consists of five members.**

## 5.1.1 **General**

a.s.r. is a public limited company which is listed on the Euronext Amsterdam Exchange and governed by Dutch corporate law. It has a two-tier board governance structure consisting of an EB and a SB. The EB is responsible for the realisation of the company's corporate targets, the strategy with its associated risks and the delivery of the results. The SB is responsible for advising the EB, supervising its policies and for the general state of affairs relating to a.s.r. and its group entities. The SB also acts as employer of the EB. Next to the EB, there is also a Business Executive Committee (BEC). The task of the BEC is to support the EB in implementing and realising a.s.r.'s targets and executing the (business) strategy with the associated risk profile. More information on the governance structure can be found in chapter 5.1.2.

### Legal structure

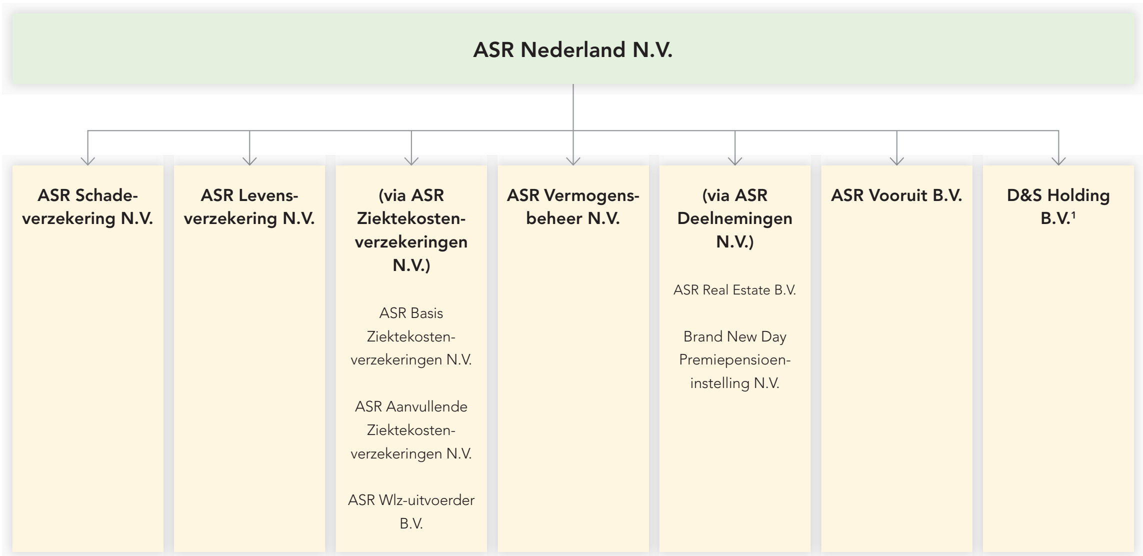
ASR Nederland N.V. is the Group's holding company. The supervised entities (OTSOs) within the Group are ASR Schadeverzekering N.V., ASR Levensverzekering N.V., ASR Basis Ziektekostenverzekeringen N.V. and ASR Aanvullende Ziektekostenverzekeringen N.V.

A union exists between ASR Nederland N.V., ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. through cross-membership of the EB and the SB. ASR Basis Ziektekostenverzekeringen N.V. and ASR Aanvullende Ziektekostenverzekeringen N.V. have their own EBs. The SBs of these entities consist of a combination of members of the EB and members of the SB of ASR Nederland N.V.

ASR Vermogensbeheer N.V. and ASR Real Estate B.V. are two Alternative Investment Fund Managers Directive (AIFMD) licensed AIFMs. These entities have their own EBs.

The acquisition of Brand New Day Premiepensioeninstelling N.V. (Brand New Day IORP) was completed on 1 April 2021. This entity has its own EB and SB.

ASR Vooruit B.V. operates as an investment firm and insurance advisor since 15 October 2021. The EB of this company consists of one member of the EB of ASR Nederland N.V. and two other members. D&S Holding B.V. operates as a holding company for the entities within the segment Distribution & Services.




1 Per 1 January 2022

**Total issued share capital represented at AGM**
(in %, with voting rights)

**72**

### General Meeting of Shareholders and consultation with shareholders

In line with a.s.r.'s articles of association, at least one Annual General Meeting (AGM) is held per annum, no later than 30 June. The main purpose of the AGM is to decide on matters as specified in a.s.r.'s articles of association and under Dutch law, such as the adoption of the financial statements. The articles of association also outline the procedures for convening and holding general meetings and the decision-making process. The draft minutes of the AGM must be published on www.asrnl.com no later than three months following the AGM. Shareholders are given three months to respond to the draft minutes. The minutes of the AGM are subsequently adopted and signed by the chair of the SB and the company secretary.

Due to developments surrounding COVID-19, a.s.r. took additional safety measures in relation to the AGM in accordance with the guidelines set out by ASR Nederland N.V., the central government and the RIVM (Dutch National Institute for Public Health and the Environment). In 2021, the AGM on 19 May was held entirely virtually without the physical presence of shareholders. A total of 72.15% of the total issued share capital with voting rights was represented by an electronic proxy with voting instructions. The agenda of the AGM included for advisory vote the 2020 remuneration report and the proposals to adopt the financial statements, the dividend payments for the financial year 2020, the proposal to grant a discharge to each (former) member of the EB and SB from liability in respect of the exercise of their duties in the 2020 financial year, the proposals to extend the authorisation of the EB to issue ordinary shares and / or to grant rights to subscribe for ordinary shares, to restrict or exclude the statutory pre-emptive right and to acquire the company's own shares and the proposals to cancel shares held by a.s.r. and to amend the articles of association for the cancellation of the shares held by a.s.r. All agenda items were approved by the AGM. The resignation of Kick van der Pol as member and chair of the SB and the succession of Joop Wijn as chair of the SB were also discussed. The next AGM will be held on Wednesday 25 May 2022.

An Extraordinary General Meeting (EGM) was held on 30 November 2021. The agenda included the proposal by the SB to appoint Ewout Hollegien as a member of the EB and as CFO of a.s.r. There were no voting items on this agenda.

Contacts with shareholders are conducted entirely in line with the policy on fair disclosure and on the basis of bilateral dialogue with shareholders. The policy on fair disclosure and the bilateral dialogue with shareholders is published on www.asrnl.com. The Group's Disclosure Committee supervises compliance with laws and regulations in relation to the disclosure of price-sensitive information.

#### Anti-takeover measures

Stichting Continuïteit ASR Nederland (the Foundation) was established on 26 May 2016 under Dutch law in connection with a.s.r.'s listing on Euronext Amsterdam. The Foundation has an independent board consisting of three members. The role of the Foundation is to promote and protect the interests of a.s.r., its business and stakeholders, and to work against possible influences that could threaten the continuity, independence, strategy and / or identity of a.s.r. or its associated business to the extent that they could conflict with the aforementioned interests. If the interests of a.s.r., its business, stakeholders or continuity were to be undermined, the Foundation would be entitled - provided certain conditions under the call option agreement were to be met - to exercise a call option right on preference shares such that the number of preference shares acquired under the call option would never exceed the total number of shares forming the issued capital of a.s.r. at the time the call option was exercised, minus the number of preference shares already held by the Foundation (if any) at the time and minus one.

## 5.1.2 Executive Board

The EB is collectively responsible for the day-to-day conduct of business at a.s.r. and for its strategy, structure and performance. In carrying out its duties, the EB is guided by a.s.r.'s interests, which include the interests of the businesses connected with it, which in turn include the interests of customers, employees, investors and society. The EB is accountable to the SB and the AGM regarding to the performance of its duties.

Certain resolutions made by the EB require the approval of the SB and / or the AGM. These resolutions are outlined in the a.s.r. articles of association and the Rules of Procedure of the EB. Both can be viewed at www.asrnl.com.

### Composition of the Executive Board

The articles of association specify that the EB must consist of a minimum of two members, including at least a CEO and CFO. Only candidates found to meet the fit and proper test under the Dutch Financial Supervision Act are eligible for appointment. In accordance with Article 17.1 of the articles of association of ASR Nederland N.V., the SB appoints the members of the EB and may suspend or dismiss any EB member at any time. The SB also notifies the AGM of proposed (re)appointments. On 12 October 2021, a.s.r. confirmed the resignation with immediate effect of Annemiek van Melick as EB member and CFO of a.s.r. On 14 October 2021, a.s.r. announced the nomination of Ewout Hollegien as candidate for CFO and EB member. Ewout Hollegien was appointed by the SB with effect on 1 December 2021. After the EGM, the EB consisted of the following three members: the CEO, Jos Baeten, the CFO, Ewout Hollegien and the COO / CTO, Ingrid de Swart.

| Executive Board | | | | |
|---|---|---|---|---|
| Name | Years in Board | Date of initial appointment | Date of reappointment | Appointed until |
| Jos Baeten | 12 | 26 January 2009 | AGM 2020 | AGM 2024 |
| Ewout Hollegien | - | 1 December 2021 | - | AGM 2025 |
| Ingrid de Swart | 2 | 1 December 2019 | - | AGM 2023 |

## Business Executive Committee
The BEC supports the EB, and shares responsibility for the implementation and realisation of the business strategy. A further purpose of the BEC is to strengthen a.s.r.'s innovation power and improve customer focus. The BEC consists of the members of the EB, the Chief Risk Officer (CRO) and senior managers representing specific business areas and staff departments. Only the members of the EB have voting rights in BEC meetings.

The BEC ensures the direct involvement, knowledge and skills of a.s.r.'s senior management responsible for specific business areas in the decision-making process at board level. With part of the industry in motion, it is vital that a.s.r. is able to respond quickly to opportunities that arise and efficiently anticipate constantly changing customer needs.

## Sustainability governance and culture

### Governance
a.s.r. aims to embed sustainability in all its core processes and activities. In order to continue to drive and monitor sustainability in all its aspects within a.s.r., sustainability has been earmarked as a strategic topic. Within the EB, the CEO is ultimately responsible for a.s.r.'s sustainability themes. The Sustainability Workforce supports the CEO in his responsibility for the development and implementation of a.s.r.'s sustainability strategy and policy. This workforce includes delegates from the business as well as staff departments. It reports quarterly on a set of sustainability KPIs and targets to the BEC, which evaluates the results achieved and takes action where necessary.

The BEC also sets strategic sustainability targets as part of the total set of financial and non-financial KPIs. Each year, the SB, with advice from the Nomination & ESG Committee, discusses and approves the strategic targets and progress made in these specific areas. a.s.r.'s sustainability team coordinates the implementation together with the workforce. All members of the workforce subsequently promote this strategy, policy and targets within their own focus areas.

### Diversity, equality and inclusion
a.s.r. aims towards diverse representation and an inclusive culture, where differences are recognised, valued and contributed. In early 2021, a.s.r.'s Diversity, equality and inclusion (DGI) policy was revised and published on www.asrnl.com. At a.s.r., diversity means attention, respect and space for all aspects in which people differ from one another. These aspects, such as age, sexual orientation, gender identity and expression, cultural, social and ethnic backgrounds, competences, work styles, educational levels and diversity of thought are what make people authentic and unique. In an inclusive culture, people experience the freedom and security to be their authentic and unique selves. Employees who don't see their identities reflected in their workplace feel a lesser sense of belonging, and this can lead to higher employee churn and lower productivity. Creating a corporate culture where employees feel safe bringing their best selves to work requires the fostering of a strong sense of belonging for all employees. Equality at a.s.r. means that everyone can participate fully by creating equitable opportunities that address the different barriers people have faced. With a focus on these areas, the result will be a wide range of perspectives that make those involved feel empowered to contribute. In this way, a.s.r. also acknowledges demographic developments in society. a.s.r. believes that diverse representation, equality and belonging reinforce the success and relevance of a.s.r. as a socially desirable insurer and are necessary to create business models and develop (new) products that serve the whole of society. The DGI policy describes a.s.r.'s targets in this area. See for the targets about both diversity and inclusion chapter 3.3.

In 2021, a.s.r. adjusted its recruitment process and developed a range of initiatives aimed at encouraging inclusive dialogue, more transparency in the recruitment process and awareness of diversity, equality and inclusion in the workplace. At the moment, it is not legally possible for employers to ask for and register other specific aspects of (potential) employees. In 2021, the Cultural Diversity Barometer of Statistics Netherlands was conducted within a.s.r. The Cultural Diversity Barometer provides a.s.r. with insight into the cultural diversity of its workforce by analysing an anonymised version of the workforce. The results will be included in the evaluation of the DGI policy in 2022 and may be used to set additional targets in this area. a.s.r. closely follows developments in this area and is affiliated with Diversity in Business, an initiative of the Social Economic Council, among others. By doing so, a.s.r. encourages and commits to diversity and inclusion in the workplace.

At the end of 2021, the EB consisted of one female and two male board members; the current composition of the EB therefore meets the gender target of having at least one-third female and one-third male board members. a.s.r. will aim for an adequate and balanced composition of the EB in its future appointments by taking into account its DGI Policy and all relevant selection criteria such as executive experience, experience in finance and experience in the political and social environment.

### Code of Conduct
The Code of Conduct is the guideline for behaving with due care and integrity. When starting work at a.s.r., all employees receive the Code of Conduct, which is part of the employment agreement. All a.s.r. employees (both internal and external) take an oath or make a solemn affirmation within three months of commencing employment. During a specially organised ceremony, employees promise or declare to comply with the Code

of Conduct. In this way, a.s.r. contributes to the trust that society has in financial institutions and in a.s.r. as an insurer.

The Code of Conduct contributes to optimum customer service and prescribes certain standards of behaviour in the working environment. This is then linked up with and referred to in various ways. Several workshops are organised throughout the year to discuss specific dilemmas in the workplace, moderated by a.s.r.'s internal ethicist. These workshops are open to all employees. In addition, the internal awareness programme, Gamification, ensures that the Code of Conduct and specific topics such as incentives, conflicts of interest and outside business activities receive attention throughout the year.

## Permanent education and evaluation

The 2021 self-evaluation session of the EB was conducted on the basis of a questionnaire and discussed with the members of the EB and the company secretary. The overall impression was positive.

The EB looks back positively on the process of the strategy review last year and the new medium-term targets that were announced during the Investor Update (IU) on 7 December 2021. One of the main topics of the evaluation over 2021 was the transition to the new composition of the EB per December 2021. The EB acted professionally on the (unexpected) departure of Annemiek van Melick. The succession could be arranged quickly, partly because of the succession plan. Since the announcement of Ewout Hollegien as intended CFO, the EB as a team energetically started preparing the already planned IU. The EB looks back positively on this IU and its preparation contributed to a successful team formation. The collaboration within the new team is positive and transparent, there is no hesitation in sharing dilemmas or divergent views. In the past year, a.s.r. of course also had to handle the consequences of COVID-19 on the organisation and the business activities. The EB hopes that the measures that impact both the employees as well as the customers of a.s.r. will be phased out quickly in 2022. Strategic themes that played a role in the past year will continue to do so in the upcoming year: e.g. shrinkage of the life book, low interest rates and inflation. Other emphasis will be added, including a more customer-oriented organisation and ongoing digitalisation.

The performance of the EB was also assessed by the SB as part of the scope of the annual assessment process, see chapter 5.3. In this context, interviews are held twice a year with the individual EB members (by two SB members on each occasion) in which the results of the aforementioned self-evaluation are included.

In 2021, specific sessions were also organised jointly with the SB for the benefit of further education. The first session was a follow-up on the explanation of IFRS 17, the new accounting standard for insurance contracts, led by Finance, Risk & Performance Management (FRPM). The new regulations will impact future external reporting on insurance contracts. The implementation of IFRS 17 is a major project within a.s.r. The second session focused on the Distribution and Services segment of a.s.r. This knowledge session was led by VKG and Dutch ID, two of a.s.r.'s distribution businesses and took place in the second half of the year. During this session, the SB and EB were given an update on the developments, strategic vision and achievements in the distribution landscape.

The individual EB members attended (leadership) sessions on various topics in their capacity as board members and supervisory directors at other organisations.

## Remuneration

Information on the remuneration policy for EB members and their individual remunerations can be found in chapter 5.3.

# **Executive** Board

## **J.P.M.** (Jos) **Baeten**
Chair of the Executive Board (CEO)

**Responsible for**
- Group Risk Management
- Human Resources
- Legal & Integrity
- Corporate Communications
- Audit

Male, Dutch, 1958

**Additional positions**
- Member of the Executive Board of the Dutch Association of Insurers
- Member of the Supervisory Board of the Efteling B.V.
- Member of the General Administrative Board of VNO-NCW
- Board Member of Stichting Grote Ogen
- Member of the Advisory Board of the Nyenrode Executive Insurance Programme

## **E.** (Ewout) **Hollegien**
Chief Financial Officer (CFO)

**Responsible for**
- Finance, Risk & Performance Management
- Group Balance Sheet Management
- Asset Management
- Real Estate

Male, Dutch, 1985

**Additional positions**
- Ewout Hollegien does not hold any additional positions at the moment

## **I.M.A.** (Ingrid) **de Swart**
Member of the Executive Board (COO / CTO)

**Responsible for**
- IT&C
- Customer experience & Digital
- Life & Pensions
- Disability
- P&C
- Funeral
- Mortgages
- Health
- Ditzo
- Distribution and Services

Female, Dutch, 1969

**Additional positions**
- Board member of Thuiswinkel.org
- Member of the Supervisory Board of Thuiswinkel B.V.
- Member of the Supervisory Board of HumanTotalCare B.V.

For more information about the biographies see www.asrnl.com

**Former member (resigned with effect from 12 October 2021)**

## **A.T. J.** (Annemiek) **van Melick**
Chief Financial Officer (CFO)

Female, Dutch, 1976

## **Diversity (female / male)**

## 5.1.3 Supervisory Board

The SB has three roles: the supervisory role, the advisory role and the employer's role for the EB. The SB supervises the policy pursued by the EB and the general course of affairs at a.s.r. and its group entities. Specific powers are vested in the SB, including approving certain EB decisions.

### Composition of the Supervisory Board

In line with a.s.r.'s articles of association, the SB should consist of at least three members. According to the rotation schedule, the last term of office of Kick van der Pol expired at the close of the 2021 AGM. Kick van der Pol therefore duly resigned as a member and chair of the SB at the end of the 2021 AGM. Joop Wijn, who was appointed by the EGM in 2020 as new member of the SB, succeeded Kick van der Pol as chair of the SB at the close of the AGM in 2021.

The SB consists of five members: Joop Wijn (chair), Herman Hintzen, Sonja Barendregt, Gerard van Olphen and Gisella van Vollenhoven. The composition of the SB of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. is the same as that of ASR Nederland N.V.

Furthermore, in accordance with the rotation schedule the first term of office of Sonja Barendregt will expire at the close of the 2022 AGM. Sonja Barendregt was nominated by the SB for a reappointment for a further four-year term. The proposal to reappoint Sonja Barendregt will be submitted to the AGM in 2022.

### Diverse representation

The SB has drawn up a projected profile for its size and composition, taking into account the nature of a.s.r.'s business, its activities and the desired expertise and background of its members. The SB profile can be viewed on www.asrnl.com. One of the targets of a.s.r.'s DGI policy is to achieve a SB consisting of at least one-third female and at least one-third male members. In 2021, the composition of the SB met this gender ratio, with 40% female and 60% male members.

The composition of the SB is such that each member has the skills to assess the main aspects of overall policy and the SB as a whole matches the desired profile due to a combination of experience, expertise and independence of the individual members. The diversity of its members ensures the complementary profile of the SB. a.s.r. will continue to aim for an adequate and balanced composition of the SB in any future appointments by taking into account the DGI policy and all relevant selection criteria such as executive experience, experience in finance and experience in the political and social environment.

**Supervisory Board**

| Name | Years in Board | Date of initial appointment | Date of reappointment | End of current term of appointment[1] | End of the term of appointment at AGM[2] |
|---|---|---|---|---|---|
| Joop Wijn | 1 | 28 October 2020 | - | AGM 2024 | 2032 |
| Herman Hintzen | 6 | 1 January 2016 | 20 May 2020 | AGM 2024 | 2028 |
| Sonja Barendregt | 4 | 31 May 2018 | - | AGM 2022 | 2030 |
| Gerard van Olphen | 2 | 30 October 2019 | - | AGM 2023 | 2031 |
| Gisella van Vollenhoven | 2 | 30 October 2019 | - | AGM 2023 | 2031 |

### Independence and conflicts of interest

In line with the Dutch Corporate Governance Code, SB members are appointed by the AGM for a four-year term. They can be reappointed for a single additional four-year term and subsequently reappointed for a period of two years, which appointment may be extended by two years at most. Reappointments following an eight-year period must be justified in the SB report. SB members retire no later than by the AGM immediately following the end of their term of appointment. All the SB members passed the fit and proper test required under the Dutch Financial Supervision Act. In 2021, there were no reports of potential conflicts of interest relating to members of the SB. The SB was also able to carry out its tasks independently pursuant to principles 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code, in accordance with article 39 (1) Directive 2014/56/EU. The maximum number of other mandates for a member of the SB is set at 5.

### Permanent education and evaluation

The SB is responsible for assessing the quality of its own performance. It therefore performs an annual self-assessment and discussion of its own performance and that of its committees and members. A self-assessment with external supervision is carried out every three years. The self-assessment for 2021 was based on a questionnaire and interviews with members of the SB and the EB. The following aspects were assessed:

- role and composition of the SB
- effectiveness of processes (information-gathering and decision-making).
- role as an employer
- advisory role and strategy

The outcome of the assessment was discussed by the members of the SB and the company secretary, and at a later stage with the members of the EB. The SB has an open, constructive and professional relationship with the EB. Dilemmas, in general or in specific files, are openly

1 SB members are reappointed or must resign no later than the next AGM held after this date.
2 Based on the possibility of an appointment for a maximum of 12 years (two times four years and two times two years in accordance with principle 2.2.2 of the Dutch Corporate Governance Code).

discussed both during meetings and during informal (and one-on-one) contact. Due to the consequences of COVID-19, several face-to-face private sessions and informal meetings were sorely missed in the past year. The SB hopes that these meetings can be held again in the course of 2022. The transfer of the chairmanship of the SB from Kick van der Pol to Joop Wijn went well. The current composition of the SB is assessed as good and pluriform. The SB is at this moment of the opinion that it has all the necessary competencies on board. There is a good division of roles between the committees and the full SB. In addition, the SB is pleased with the change of the Selection and Appointment Committee into the Nomination & ESG Committee, whereby the composition has also changed. Within this committee it is possible to delve further into the trends and developments in the field of ESG. Last year there was much talk about the formation of the updated strategy and the new medium-term targets. The SB looks back on this process with satisfaction and there is confidence in the EB and management to achieve these targets. In the coming year, specific attention will be paid to talent development and broader succession plans. In addition, the evaluation process was recalibrated last year and will have to be put into practice next year.

In 2021, specific sessions were also organised jointly with the SB for the benefit of further education. The first session was a follow-up on the explanation of IFRS 17, the new accounting standard for insurance contracts, led by FRPM. The new regulations will impact future external reporting on insurance contracts. The implementation of IFRS 17 on 1 January 2022 is a major project within a.s.r. The second session focused on the Distribution and Services segment of a.s.r. This knowledge session was led by VKG and Dutch ID, two of a.s.r.'s distribution businesses and took place in the second half of the year. During this session, the SB and EB were given an update on the developments, strategic vision and achievements in the distribution landscape.

The individual SB members attended (leadership) sessions on various topics in their capacity as supervisory members at other organisations.

# **Supervisory** Board

## J. (Joop) **Wijn**

- Chair of the Supervisory Board
- Member of the Remuneration Committee
- Chair of the Nomination & ESG Committee

Male, Dutch, 1969

**Additional positions**
- Member of the Supervisory Board and member of the Audit Committee and the Risk Policy and Compliance Committee of NIBC Bank

## H.C. (Herman) **Hintzen**

- Vice-chair of the Supervisory Board
- Member of the Audit & Risk Committee
- Member of the Remuneration Committee

Male, Dutch, 1955

**Additional positions**
- Non-Executive Board Member of VCM Holdings Ltd.

## S. (Sonja) **Barendregt**

- Member of the Supervisory Board
- Chair of the Audit & Risk Committee

Female, Dutch, 1957

**Additional positions**
- Member of the Supervisory Board and chair of the Audit & Risk Committee of Robeco Institutional Asset Management B.V.

## G. (Gerard) **van Olphen**

- Member of the Supervisory Board
- Member of the Audit & Risk Committee
- Member of the Nomination & ESG Committee

Male, Dutch, 1962

**Additional positions**
- Member of the Supervisory Board of the Heart Foundation
- Chair of the Supervisory Board of de Volksbank

## G. (Gisella) **van Vollenhoven**

- Member of the Supervisory Board
- Chair of the Remuneration Committee
- Member of the Nomination & ESG Committee

Female, Dutch, 1970

**Additional positions**
- Member of the Supervisory Board of Waarborgfonds Sociale Woningbouw and chair of the Remuneration Committee
- Member of the Supervisory Board of the Pensioenfonds Vervoer
- Member of the Supervisory Board of BUNQ
- Member of the Supervisory Board of MUFG BANK (Europe) N.V.
- Member of the Strategic Audit Committee of the Ministry of Foreign Affairs (BZ)
- (Substitute) council with the Enterprise Chamber of the Amsterdam Court of Appeal

For more information about the biographies see www.asrnl.com

## Characteristics

| Independence (in %) | Female members (in %) | Male members (in %) | Average age (in years) |
|---|---|---|---|
| **100** | **40** | **60** | **58** |
| 2020: **100** | 2020: **33** | 2020: **67** | 2020: **60** |

## Attendance

| | Supervisory Board | | Audit & Risk Committee | | Remuneration Committee | | Nomination & ESG Committee | |
|---|---|---|---|---|---|---|---|---|
| Joop Wijn | 13/13 | 100% | - | | 5/5 | 100% | 6/6 | 100% |
| Herman Hintzen | 13/13 | 100% | 6/6 | 100% | 5/5 | 100% | 3/3[1] | 100% |
| Sonja Barendregt | 12/13 | 92% | 6/6 | 100% | - | | - | |
| Gerard van Olphen | 12/13 | 92% | 6/6 | 100% | - | | 3/3[1] | 100% |
| Gisella van Vollenhoven | 13/13 | 100% | - | | 5/5 | 100% | 6/6 | 100% |

1 The composition of the Nomination & ESG Committee changed per 1 October 2021.

## Competences

| | General business management strategy | Finance (balance, solvency & reporting) | Financial markets / Disclosure, communication | Audit, risk, compliance, legal & governance | Insurance (Life, Non-life and Asset Management) | M&A | IT / Digital & innovation | Social / Employment | Sustainability / Climate change / Policies |
|---|---|---|---|---|---|---|---|---|---|
| Joop Wijn | ● | ● | ● | ● | ○ | ● | ● | ○ | ● |
| Herman Hintzen | ● | ● | ● | ● | ● | ● | ○ | ○ | ○ |
| Sonja Barendregt | ● | ● | ● | ● | ● | ○ | ○ | ● | ○ |
| Gerard van Olphen | ● | ● | ● | ● | ● | ○ | ● | ● | ● |
| Gisella van Vollenhoven | ● | ● | ● | ● | ● | ○ | ○ | ○ | ● |

## 5.1.4 Corporate Governance Codes and regulations

The current articles of association (dated 9 June 2016) are published on www.asrnl.com. The SB and EB rules are also available on the corporate website (rules recently amended in 2021).

### Dutch Corporate Governance Code

Since being listed on Euronext Amsterdam, a.s.r. has been required to abide by the Dutch Corporate Governance Code. a.s.r. complies with all the principles and best practices of the Dutch Corporate Governance Code, with the exception of those that are not applicable. In the Corporate Governance section on www.asrnl.com, a.s.r. also publishes a detailed comply or explain list indicating which principles and best practices do not apply to it.

### Professional oath

On 1 January 2013, the Dutch financial sector introduced a mandatory oath for EB and SB members of financial institutions licensed in the Netherlands. With regard to insurance companies, in addition to the EB and SB members, individuals holding a management position immediately below the EB who are responsible for employees who could have a significant influence on the risk profile of the insurance company are also required to take the oath, as are certain other employees. This includes individuals who may (independently) significantly influence the risk profile of the undertaking as well as those who are or may be involved in the provision of financial services.

Notwithstanding the above, a.s.r. has decided that all employees and other individuals carrying out activities under its responsibility must also take the oath. New employees must take the oath within three months of joining the company.

### Decision concerning disclosure of non-financial information and Decision concerning disclosure of diversity policy

a.s.r. also wishes to be transparent concerning the non-financial information in its Management Report. Since the 2017 reporting year, the relevant legal requirements have been extended for large companies of public interest. Such organisations, which include a.s.r., are expected to clarify how they deal with environmental, social and personnel issues, respect for human rights and the fight against corruption and bribery in their business operations and value chain. Large listed companies must also provide insight into their policy on diversity in relation to the EB and SB. In addition, as from 1 January 2022, large companies of public interest must publish information about how and to what extent their activities are associated with economic activities (eligibility) that qualify as environmentally sustainable as defined in Regulation (EU) 2020/852 (EU Taxonomy Regulation). The information requirements regarding the disclosure of non-financial and diversity information can be found in chapter 4.4 and chapter 7.12.

# 5.2 **Supervisory Board** report

**In this chapter, the Supervisory Board (SB) reports on its tasks, roles and activities over the past year. The SB consists of five members and has three committees.**

**SB meetings**
(in numbers)

**13**

**2020: 13**

## 5.2.1 Meetings of the Supervisory Board

The SB convened eight routine meetings and five extra meetings, of which one was an offsite meeting with the Executive Board (EB). The SB members were available for consultation in between scheduled meetings. Several ad-hoc meetings were held in 2021 to discuss issues relating to specific topics such as the (potential) impact of COVID-19 on the financial performance and business operations of a.s.r., M&A and the selection and appointment of a new EB member. Regular work meetings were also held in the absence of the EB. During these meetings, matters such as the self-evaluation of the SB and the evaluation of the EB members were discussed.

The SB has a good working relationship with the EB. The chair of the SB is in regular contact with the CEO, and several members of the SB are periodically approached outside meetings to give advice on various files. The SB as a whole also receives bi-monthly updates, outside meetings, from the EB on various developments within the company, such as business development, (potential) M&A transactions and news relating to COVID-19. For information about the attendance at the board meetings see chapter 5.1.3.

### Highlights

Following the resignation of Kick van der Pol at the end of the AGM in 2021, Joop Wijn succeeded him as chair of the SB. The SB wishes to express its appreciation to Kick van der Pol for his key role in a.s.r.'s transition from a state-owned organisation to a listed company with an excellent reputation. a.s.r. now has a strong financial position and has become a solid socially committed and sustainable company. The SB is looking forward to further collaboration within the Board led by Joop Wijn as chair.

On 12 October 2021, a.s.r. confirmed the resignation of Annemiek van Melick as member of the EB and CFO with immediate effect. The search for a suitable successor began immediately following the announcement. On 14 October 2021, the SB announced its proposal to appoint Ewout Hollegien as the intended successor of Annemiek van Melick. The proposed appointment was discussed at the EGM on 30 November 2021. Following the close of the EGM, the SB appointed Ewout Hollegien for a period which will end at the close of the 2025 AGM. The SB wishes to express its appreciation to Annemiek van Melick for her role in further expanding a.s.r.'s financially strong and sustainable position. The SB is confident that the new composition of the EB will make an important contribution to the further development of a.s.r.

In the first half of 2021, the current strategy, which is based on in-depth analyses of the various business lines, was reviewed. The conclusion, which is also supported by the SB, is that the existing strategy will be continued, with a few modifications in several business areas. In the second half of 2021, the results of this review found their way into the target-setting process of the new medium-term targets for 2022 up to and including 2024. The new framework for the Key Performance Indicators (KPIs) was viewed from a multi-stakeholder perspective, the existing framework and a.s.r.'s strategy. The new KPIs and the actual targets were extensively discussed with, and approved by, the SB. On 7 December 2021, the EB provided an update to the investment community on a.s.r.'s strategy and the financial and non-financial medium-term targets up to and including 2024. a.s.r. will build on the successful strategy of the previous years with new ambitious financial and non-financial targets. A key element in the strategy and the new targets is sustainable value creation for all stakeholders. The SB is confident that the existing strategy of a.s.r. is the right approach for the long-term success of a.s.r. and will strengthen its market position and provide a sound basis for the future. The SB is very satisfied with the sustainable value creation a.s.r. has achieved in recent years. Thanks to a disciplined execution of the strategy, the SB expects that the EB will be able to achieve and possibly exceed the medium-term targets and continue to be one of the most sustainable insurers in Europe.

The effects of COVID-19 on society continued to be visible in 2021. Although there is still uncertainty about the further course of COVID-19 and its possible long-term impact on the economy and society, a.s.r. remains positive concerning the outlook. Due to the diversification of its activities, a.s.r. has no negative impact of COVID-19 on the operational result in 2021 and has been able to successfully continue the implementation of its strategy. All segments contributed to the substantial increase in the operating result in 2021. The result on investments improved and, due to government measures, a.s.r. has not yet seen a significant increase in bankruptcies amongst customers or in the investment portfolio. The SB is very gratified that a.s.r. has been able to assist customers well throughout these difficult times. The SB is also satisfied that the solvency of a.s.r. has remained strong despite the challenges arising from COVID-19 and the challenging economic circumstances.

## Strategy based on long-term value creation

Each year, the EB presents various matters to the SB for approval, such as the (quarterly) figures, the multi-year budget, the investment plan and the risk appetite. These matters were all discussed and approved by the SB in 2021.

Throughout the year, the EB discussed a.s.r.'s strategy in detail with the SB and obtained the support of the SB for its sustainable value creation model for all stakeholders and the new ambitious targets for 2022-2024. For a.s.r. as an all-round insurer, this involves the portfolio strategy (as described in chapter 2.3) and the strategy for targeted acquisitions. In implementing the strategy, a.s.r. adheres closely to a strict financial discipline in which value over volume is a key principle. A focus on cost and upholding financial solidity is essential for a continuation of the strong performance of a.s.r. Maintaining a strong balance sheet with financial flexibility offers scope for profitable growth. a.s.r. will continue to invest capital responsibly. Building on the successful acquisitions of recent years, a.s.r. will continue to actively pursue opportunities for acquisitions, particularly of small and medium-sized insurers, as well as the consolidation of life insurance portfolios. Sustainable value creation is an important part of a.s.r.'s strategy and as such an integrated part of the business processes. In the EB, the CEO is ultimately responsible for the theme of sustainable value creation. Targets, plans, progress and results are regularly discussed in the EB and reported to the SB. Within the SB, sustainable value creation is integrated into the total agenda. During the permanent education sessions of both the EB and the SB, attention is paid to current developments. This also includes the implementation of new and future legislation and regulations.

The SB concludes that a.s.r. has largely achieved the targets set for the period 2019-2021 and that the new challenging targets strike a good balance between sustainable value creation and profitable growth. In 2021, a.s.r. remained on track to achieve its strategic priorities. Growth was achieved in line with the strategy. Costs were also generally further reduced; customer service was improved and brand awareness of a.s.r. grew. a.s.r. is also increasingly appreciated for the role it plays in society. In 2021, SB discussions covered the following topics:

- Review of the overall strategy, including a.s.r.'s long-term value creation and growth in various business areas such as P&C, Disability, Pensions DC, Asset Management, Distribution and Services and also key topics such as sustainability, vitality and digitalisation for customer services.
- The M&A landscape in the insurance sector.
- Corporate governance and composition of the SB and EB.
- EB and senior management succession planning.
- EB and SB remuneration.
- HR & culture; reports on employee surveys, sustainable employability, DGI, and compliance with the a.s.r. code of conduct.
- Cyber security, innovation and technology developments.
- NPS-c reports and developments in the field of customer service, including the focus on reducing the number of customer complaints in 2021.
- Financial and Enterprise Risk Management, including cyber security, EIOPA rules, the RAS and the ORSA.
- Annual and quarterly results, dividends and SBB programme, capital generation and the Solvency II capital position.
- Investor relations.
- Multi-year budget including the medium-term financial and non-financial targets 2022-2024 framework, capital & dividend policy, interest risk policy and funding plan.
- Legal, regulatory and compliance issues, including the relationship with the Dutch regulators.
- Tax policy and developments.

## M&A

In 2020, a.s.r. announced the acquisition of the remaining 50% interest in Brand New Day Premiepensioeninstelling N.V. (Brand New Day IORP). a.s.r. already had a 50% interest in Brand New Day IORP and became full owner through the completion of the acquisition in 2021. This transaction is in line with a.s.r.'s strategy and its intention to use capital for sustainable value creation. It gives a.s.r. the opportunity to strengthen its expertise and expand the pension offering in the SME market. This step increases a.s.r.'s market share to approximately 15% in the Dutch market for defined contribution plans and offers an attractive proposition for advisors, employers and employees. The customers of Brand New Day IORP, both employers and all pension plan participants, can be confident that a.s.r.'s services and solid operational management will continue unabated.

During the annual strategy day with the SB and the EB, the current M&A insurance landscape in the Netherlands was discussed. Building on the successful acquisitions of recent years, the SB is confident that a.s.r. will continue to play an active role in the consolidation of the Dutch insurance sector and is committed to looking for suitable acquisition opportunities.

## Financial performance

The SB discusses the financial performance each quarter, covering standing issues such as developments in the GWP, COR, Operating Result, long-term cost development, OCC and Solvency II ratio. The SB is satisfied with a.s.r.'s financial performance in 2021, especially given that many employees were working from home, occasionally under difficult circumstances. Due to the diversification of the various activities, the net impact of COVID-19 on the operational result was favourable and the implementation of the strategy continued successfully in 2021. In addition, the service has remained at a high level and customer satisfaction has even increased. The operating result increased by 15.4% to € 1,021 million (2020: € 885 million). The Solvency II ratio (standard formula) as at 31 December 2021 was 196% (2020: 199%), after deduction of the dividend. a.s.r. is well capitalised and is in a good starting position to get through the period of low interest rates. The quality of the capital is high. Of course, scenarios have been calculated on a long-term low interest rate environment and various management actions have been identified and discussed in detail.

As from 1 January 2020 KPMG is the independent auditor of a.s.r. As part of their audit process, KPMG issued a management letter in December 2021 and a 2021 Audit report in March 2022 to the EB and SB. In the reports, KPMG recognises the following:

Whilst there is still uncertainty about how COVID-19 will continue and what its final consequences are, both financially and operationally, KPMG reports that the financial position under Solvency II and the operational IFRS results have proven to be robust. An important aspect for internal control is working remotely (from home). a.s.r. is aware of this and has taken appropriate measures, realising that this will require lasting attention.

KPMG has reported that there are improvements in the internal control within a.s.r. Important realised steps include the refinement and expansion of policies and procedures, self-assessments which been performed by the various business lines, the introduction of the IT competence centre and security operations centre related to cyber security and compliance and customer due diligence (CDD). KPMG recognises that further improvement can be made relating to the degree of automation and that a.s.r. has taken the necessary step.

There are many drivers that will challenge the internal control framework such as the new legislation amongst others, IFRS 17 / 9, SFDR / CSRD (sustainability reporting), sanction legislation, CDD and privacy. All these regulatory and reporting activities require a lot of capacity from a limited group of employees with a substantive expertise.

The focus on corporate social responsibility (CSR) and non-financial reporting has further increased in the past year, a.s.r. wants to remain a leader in non-financial reporting. KPMG recognises the high quality of non-financial information and that a.s.r. is ahead of its peers in certain aspects. As a result of the work performed by KPMG they have a number of observations to further strengthen the reporting, these observations are discussed and are currently investigated.

KPMG also notices that the swift appointment of the new CFO contributed to maintaining the quality of the finance process. Furthermore, that the integration of BND IORP has started and that the AXON conversion in the P&C business was finalised in 2021.

The three key findings with a high priority or impact can be summarised as follows:
- Several improvements have been initiated to ensure the reliability of models. KPMG recommends that the progress of model validations should be kept as a longstanding priority also because the improvements are under pressure due to increasing demands and scarce resource capacity.
- Successfully integrating acquired entities and portfolios is important to realise its value and to harmonise control for a.s.r.
- The IFRS 17 / 9 project is challenging and requires increased attention from all business lines involved, including the planning and resource capacity needed. Attention is required for the next maturity phase in which the focus is not only on production, but also documentation of (process) risk analysis and demonstrating control, including process descriptions necessary to be audit ready for 2022.

In addition to these topics, KPMG has also provided suggestions with a more medium to low priority. KPMG asks for continued vigilance to ensure these items receive continuous focus so that a.s.r. is sufficiently prepared for the future.

a.s.r. welcomes all suggestions and is committed to follow-up on these suggestions. The SB was pleased with these recommendations and thanks KPMG for the audit work performed during the term of the engagement. The SB recognises that there were improvements made in the audit process compared to the 2020 first year audit. The SB will monitor the successful follow-up of the recommendations.

## Risk management and solvency

At the end of the year, the SB approved the risk appetite for both a.s.r. and its supervised entities. a.s.r.'s risk appetite is based mainly on the Solvency II regime and a prudent approach to risk management translated into standards for solvency, liquidity, efficient processes and achievable returns. The SB was satisfied with the execution of the risk management framework. The level of solvency remains acceptable and adequate thanks to the organisation's prompt and adequate response to external developments based on the chosen risk appetite and associated risk-mitigating measures. The risk appetite is an important criterion for the SB in making tactical and strategic decisions. The SB appreciates the prudent approach taken to comply with Solvency II and other regulations and regularly engages in dialogue with the EB concerning its views on the targets and intervention level relating to Solvency II ratios.

## Culture and customer interest

Every six months, the SB considers the theme of customer interest based on reports, including the NPS-c report and the complaints report. These reports provide insight into levels of customer satisfaction. In 2021, the NPS-c remained stable, despite all employees working from home, at 49 and was better than the target of > 44. The SB was satisfied that a.s.r. goes to great lengths to deliver a good NPS-c performance.

Throughout the year, the SB regularly discussed the organisation and culture of a.s.r. with the EB, this year notably on how to stay connected and vital while working from home. At the beginning of 2021, the trade unions and a.s.r. also concluded a new collective labour agreement (CLA) for a term of two years with effect from 1 January 2021, which includes a structural wage rise of 2.25% as of 1 March 2021 and 1 March 2022. The new CLA pays particular attention to the (post) COVID-19 situation, sustainable employability, job satisfaction and vitality. The SB congratulates the EB on the progress that has been made in this area and on the (re)introduction of a home-working allowance and the possibilities for partially paid sabbatical leave and early retirement.

### Contacts with the Works Council

All SB members attended one or more routine consultative meetings of the Works Council. In addition to these routine meetings, the Works Council maintains regular contacts with the Works Council-appointed SB member, Gisella van Vollenhoven. The SB also greatly appreciates its bilateral dialogues with the Works Council, which on several occasions took place also with one or more members of the EB.

The SB is highly appreciative of the approach taken by the Works Council in respect of developments impacting a.s.r., such as the selection and appointment of the new members of the EB and SB. Taking into account the interests of both a.s.r. as a whole and its employees, the Works Council makes thorough preparations when addressing the wide range of issues it is presented with, discusses them in a constructive dialogue with the EB, and issues balanced, well-considered opinions and recommendations.

After the Works Council elections the new Works Council started at 1 January 2021. Three members were re-elected and the new composition was balanced in terms of age, gender, social, cultural and ethnic backgrounds, competence, views and working styles. During the year there were a few changes in the composition of the Works Council. The SB wishes to express its gratitude for the cooperation with the members of the Works Council.

### Contacts with external regulators and auditors

The SB periodically consulted with DNB and AFM in 2021. The independent external auditor, KPMG, attended the SB meetings at which the annual and interim financial results were discussed. During these meetings, the auditor elaborated on the audit reports and answered specific questions.

## 5.2.2 Supervisory Board Committees

The SB has three committees that discuss specific issues and prepare items on which the full SB takes decisions. The chair of each committee reports on the main points of discussion and the resulting recommendations are discussed at the subsequent SB meeting. The minutes of the committee meetings are available to the members of the SB.

In 2021, the SB discussed in more detail the set-up and composition of the committees for a more deepening focus on the theme of corporate sustainability due to the many developments in the field of sustainability and a.s.r.'s ambitions in this context. As of 1 October, the Selection and Appointment Committee was renamed the Nomination & ESG Committee. The three committees are:

- the Audit & Risk Committee (A&RC)
- the Remuneration Committee (RC)
- the Nomination & ESG Committee (N&ESGC)

### Audit & Risk Committee

- Sonja Barendregt (chair)
- Herman Hintzen
- Gerard van Olphen

The committee advises the SB and prepares decision-making on matters such as supervision of the integrity and quality of financial reporting and effectiveness of internal risk management and control systems. This explicitly also includes the application of information and communication technology, including cyber security risks.

The composition of the committee is such as to represent the specific business know-how, financial, accounting and actuarial expertise relating to the activities of a.s.r.

The committee held six regular meetings in 2021. In accordance with the A&RC Rules of Procedure, committee meetings are also attended by the CFO, the Director of Group Risk Management, the Director of Finance, Risk and Performance Management, the Manager of Compliance, the Director of Audit and the independent external auditor. Outside the regular meetings, the committee met on two occasions with the Audit, Compliance, Risk Management and Actuarial Function (AF) in their roles as countervailing powers.

After each financial quarter, the committee discussed the financial results based on detailed financial, risk, compliance and internal and external audit reports and analyses. Progress on the recommendations of the internal and external auditor as well as of the AF was monitored. The full 2021 reporting year was discussed in the first quarter of 2022, based on the (quarterly) internal finance report, the press release, the Annual Report, the financial statements, the Board report and the actuarial report. The discussion of the actuarial report was also attended by the AF.

The committee issued positive opinions on the Annual Report and on the financial statements to the SB. It discussed and adopted the external auditor's letter of engagement and the audit plan for 2021. The external auditors' independence and additional fees were reviewed each quarter. The management letter of the external auditor highlighting key internal control observations was discussed. The audit results report of the external auditor was also discussed and special attention was given to the reported key audit matters. The A&RC approved the updated charters and annual plans for 2022 of the Actuarial and Risk Management Function and the Compliance Function. It advised the SB to approve the updated charter and the audit plan 2022 of the internal Audit Function; this advice was followed.

Specific topics discussed in the committee included (i) impact of COVID-19 on the financial performance and prospects of a.s.r., (ii) continuing low interest rates, inflation and impact on solvency through the balance sheet plan 2021 and projection updates, (iii) cyber risks and IT security, (iv) fraud issues (both from external clients - e.g. inappropriate claims behaviour – and from employees) and measures taken, and (v) compliancy with rules and regulations, including CDD. Medium-term target-setting was also discussed by the committee; these targets were announced by a.s.r. at the Investor Update of 7 December 2021. Furthermore the progress of the implementation of IFRS 17 / 9 was discussed.

a.s.r.'s solvency position was reviewed and discussed each quarter. Specific attention was paid to the Ultimate Forward Rate (UFR) effect within the Solvency II framework, continuing low interest rates, inflation and a.s.r.'s view on a more economic UFR scenario. The A&RC discussed the risk scenarios and the outcomes of the ORSA, plus the balance sheet plan and the related projection updates. In all the ORSA risk scenarios, the solvency ratio remains within the boundaries set by a.s.r., demonstrating the robustness of a.s.r.'s solvency and the effectiveness of certain management actions. Future solvency ratio projections include the gradual decrease of the UFR as prescribed by the European Insurance and Occupational Pensions Authority (EIOPA).

a.s.r.'s risk appetite is based on a prudent approach to risk management, which is translated into qualitative business guidelines for NFR matters and requirements for solvency, liquidity and returns for the FR matters; solvency takes priority over profit and profit takes priority over premium income. a.s.r.'s updated capital and dividend policy was also discussed, after which the SB approved the updated policy.

The A&RC regularly monitored the status of the risk appetite during the year through a.s.r.'s Integrated Risk Dashboard and the status report on the management of risk priorities, and at the end of the year, the A&RC was informed of the outlines of the reinsurance programme for 2022.

### Remuneration Committee

- Gisella van Vollenhoven (chair)
- Herman Hintzen
- Joop Wijn

The RC advises the SB on matters including the remuneration policy for the EB and SB and the terms and conditions of employment of the EB, and reviews the remuneration of senior management.

The RC met five times in 2021. Its meetings were also attended by the CEO (except when issues relating to the EB were discussed) and the Director of Human Resources. The committee solicits support and advice from departments such as Group Risk Management, Compliance, Audit and Human Resources. Where needed, it consults independent legal and pay & benefit experts.

In line with the policy, the committee advised the SB on target-setting and performance appraisals; and the yearly Remuneration Disclosure was also prepared.

In accordance with the remuneration policy of a.s.r., approved by the AGM in 2019, the RC performed two separate benchmarks for both the EB and the SB, in order to follow trends (including the effects of COVID-19). The 2020 Remuneration Report was submitted to the AGM for an advisory vote. 90% of the votes cast were for the report and 10% were against. The RC has further examined the voting results and concluded that there is increasing support for the current remuneration policy of a.s.r. However, a number of shareholders will (continue to) vote negatively on the remuneration policy due to the absence of a variable remuneration scheme.

At the end of 2021, the a.s.r. remuneration policy was updated in line with new regulations and the results of the internal audit report on the application of a.s.r.'s remuneration policy were discussed.

### Nomination & ESG Committee

- Joop Wijn (chair)
- Gisella van Vollenhoven
- Gerard van Olphen

The N&ESGC advises the SB on its duties and prepares the SB's decision-making in this respect. The Committee advises the SB on ESG-topics, selection and appointment procedures and the composition of the EB and SB; it also prepares the (re)appointment of members. The N&ESGC met six times in 2021. Its meetings were also attended by the CEO (except when issues relating to the EB were discussed) and the Director of Human Resources.

In 2020 a suitable successor was found for Kick van der Pol, chair of the SB, in the person of Joop Wijn. Joop Wijn succeeded Kick van der Pol as chair of the SB at the end of the AGM in May 2021.

Due to the resignation of Annemiek van Melick as CFO and member of the EB, the N&ESGC began a search for a suitable successor. This process led to the nomination of Ewout Hollegien as CFO and member of the EB. Following the EGM on 30 November 2021, the SB appointed Ewout Hollegien as CFO and member of the EB as from 1 December 2021.

Other topics discussed by the N&ESGC were the revised Diversity, equality and inclusion policy and the strategic personnel plan for the organisation, in which a.s.r. anticipated the developments in the (labour) market. The committee also discussed the annual appraisals of senior management. A nine-box grid was used to evaluate senior managers and to discuss their individual development and possible successors. The committee was also informed of the results of the Denison scan, a tool used to measure the success of the organisation.

With regard to ESG, the N&ESGC discussed the various developments in this field and related legislation and what this means for a.s.r. as a sustainable insurer, such as progress on the targets of the various themes, with a focus on the strategic pillars from the strategic framework for sustainability (described in chapter 2.2) and internal and external developments in this area such as sustainability, climate change and biodiversity. In addition, progress on the non-financial targets was discussed and advice was given on new medium-term targets in that area.

## Financial statements and dividend

The EB prepared the 2021 Annual Report and discussed it with the SB in the presence of the external auditor. The 2021 financial statements will be submitted for adoption by the AGM on 25 May 2022. a.s.r. will propose a dividend of € 2.42 per ordinary share, or € 329 million in total, including the interim dividend paid.

## Appreciation

The SB wishes to express its gratitude to all the employees of a.s.r., both permanent and external employees, for their dedication to a.s.r. in 2021, and in particular for their efforts while working from home , occasionally under difficult circumstances. All employees worked collectively to achieve a.s.r.'s mission by helping customers share risks and build capital for the future, and in particular by helping those who were in need during the pandemic. Together, we are building an insurance company that is both valuable and sustainable. The SB also wishes to express its gratitude to the members of the EB and the senior management for their impressive remote leadership during these difficult times and for achieving a good operational result and increased customer satisfaction. The SB greatly appreciates the ongoing and constructive open dialogue and cooperation with the EB.

Utrecht, The Netherlands, 22 March 2022

Joop Wijn (chair)
Herman Hintzen
Sonja Barendregt
Gerard van Olphen
Gisella van Vollenhoven

# 5.3 Remuneration report

**After an extensive consultation round with various stakeholders and careful consideration of all relevant elements and interests, the current remuneration policy was adopted bij the AGM in 2019.**

In favour of Remuneration Report
(in % of the votes cast)

90

## 5.3.1 Introduction

The remuneration policy is simple and transparent:
- A fixed salary within a salary scale (no variable remuneration system or payment in shares).
- The system of salary scales and the way in which the members of the Executive Board (EB) progress through the scales corresponds to that of a.s.r. employees.

The Remuneration Report is submitted annually to the AGM for advice. In 2021, 90.14% of the votes cast were in favour of the report and 9.86% against. The Remuneration Committee has further examined the voting results and concludes that there is growing support for a.s.r.'s current remuneration policy. However, a number of shareholders will (continue to) vote negatively on the remuneration policy due to the lack of a variable remuneration scheme. This probably also explains the difference in voting results in this area compared to other Dutch-listed insurers. The remuneration policy is under constant evaluation and the Remuneration Committee will start an evaluation process of the remuneration policy towards the AGM 2023. This includes all relevant aspects and views of the stakeholders.

a.s.r. is of the opinion that it also meets the other requirements of the Shareholder Rights Directive II (as incorporated into Dutch law) in so far as they apply to a.s.r. The current remuneration policy was adopted by more than 75% of the votes cast. The remuneration policy is clear and comprehensible. It was explained how the remuneration policy contributes to a.s.r.'s strategy, sustainability and the interests of its stakeholders. The identity and positioning of a.s.r. and the remuneration relationships within a.s.r. were also taken into account. This has been achieved through providing a framework for the four perspectives: the organisational perspective, the internal perspective, the external perspective and the stakeholder perspective.

Finally, this 2021 Remuneration Report will also be submitted to the AGM for advice.

## 5.3.2 Remuneration policy

The current remuneration policy of a.s.r. applies from 1 January 2020.

a.s.r.'s starting point is that society experiences it as a useful insurer which deals responsibly with the funds entrusted to it and the environment in which it operates. With this in mind, the following four perspectives are used as a basis for the remuneration policy:
1. The organisational perspective: in line with how a.s.r. presents itself as a company.
2. The internal perspective: consistency in the internal salary structure.
3. The external perspective: competitive with the external market.
4. The stakeholders' perspective: taking account of the views on remuneration of different stakeholder groups: customers, shareholders, employees and society.

### 1. The organisational perspective
It is a.s.r.'s view that society may expect it to be an efficient insurer which handles the funds entrusted to it and the environment in which it operates, in a responsible way. With respect to the remuneration of the EB, society may expect this to be appropriate to a.s.r.'s character, and that the remuneration policy and the level of the remuneration of directors can be explained in accordance with that perspective.

For this reason, a.s.r. has no variable remuneration scheme. a.s.r. is of the opinion that such a scheme is not in line with the company's culture. The sentiment in society with respect to variable remuneration in the financial sector has also been taken into account in this respect.

### 2. The internal perspective
All a.s.r. employees have job-weighted salaries based on a classification of salary scales that they progress through in stages. The remuneration of the EB members is also fixed on the basis of a classification of salary scales. This creates a link with the salary scales for the other employees. The EB and other employees are covered by a salary scale ranging from 70% to 100%. For both groups, this maximum is just below the median of the adjusted reference group.

In principle, EB members progress through the salary scales in the same way as employees. For employees, this involves an annual increase of 3% (provided there is room in the scale). For EB members, the SB has the option of slightly adjusting this growth path up or down (increase of 0% to 6%). The a.s.r. CLA applies to the EB as regards the indexation of pay.

### 3. The external perspective

a.s.r. pays its employees a market-compliant salary. Market compliance is determined against a reference group. The reference group for the EB consists of Dutch organisations only, many of which have a social nature, distinguished according to comparable Dutch-listed companies and Dutch financial institutions, including insurance companies. The non-financial institutions must meet at least two of the three criteria set with respect to similar sized companies for inclusion in the reference group. These criteria are: turnover, market capitalisation and employee complement[1]. a.s.r. lies around the middle of this reference group. In addition, all remuneration data of the organisations in the reference group must be published individually. The median is established using a conversion factor of 0.5 of the 'at target' variable to the fixed salary for the companies in the reference group which have a variable remuneration component.

The reference group for the other employees is the general market. The reference group for some positions within Group Asset Management and Real Estate, is Asset Management. To prevent the salary scales of the employees and the EB from diverging too much, partly as a result of the difference in reference groups, the salary scales of the EB are checked every two years against the reference group of the employees (the general market). If the gap widens too much, this may be a reason to adjust the extent to which the maximum of the salary scales of the EB members is below the median. The remuneration ratio between the remuneration of the CEO and the median of the remuneration of the employees at a.s.r. will be less than 20.

Each year, the SB assesses whether, in addition to the increase in accordance with the CLA wage index, there is an argument for a salary increase for the EB members within the salary scale. In principle, the members of the EB progress through the salary scales in the same way as the employees. For employees, this involves an annual growth of 3% (provided there is room in the salary scale). For the EB members, the SB has the option of adjusting this growth path slightly up or down in exceptional circumstances (a growth of 0% to 6%, provided there is room in the salary scale). In doing so, the SB will take into account the performance of a.s.r. and the principles laid down in the remuneration policy. The SB will account for this in the annual remuneration report.

### 4. The stakeholders' perspective

The structure of the remuneration policy has been tested against the views of shareholders, customers, employees and society. A proposal to change the remuneration policy will be discussed with various stakeholders. The remuneration policy will take into account the views and interests of these various stakeholder groups as far as possible.

### Periodical test / review

The Remuneration Committee tests the principles of the remuneration policy (at least) once every four years against the four perspectives. The remuneration policy will be put to the vote (at least) once every four years at the General Meeting of Shareholders. The market comparison (remuneration benchmark) is carried out once every two years by an external consultancy firm.

The performance of each EB member is reviewed annually, based on a set of financial and non-financial targets approved by the SB. The targets for 2021 can be summarised as follows:

- Shareholder: realisation of the external financial targets and the financial KPIs in the multi-year budget within the established risk appetite. In addition, a visible focus on sustainable and long-term value creation.
- Customer: targets to improve the service of a.s.r. and retain its customers over a long(er) period. This target is measured on the development of both the NPS and the scores of the yearly reputation survey. Also the expansion with additional services (for instance a.s.r. Vitality) and further digitisation in the interest of the customer.
- Employee: an improvement in the annual Denison scan score compared with 2020, with a specific improvement in diversity and inclusion.
- Society: further expansion of the positioning of a.s.r. as a long-term value-creating insurer and socially aware financial institution. This is measured by different ratings and benchmarks.

These targets are complemented by specific strategic priorities for each board member, such as the preparations for the implementation of IFRS 17 and IFRS 9, and the details of the digitisation roadmap. The targets are periodically discussed during the various evaluation meetings between the SB and (the members of) the EB. After assessing the financial and non-financial targets of a.s.r. and the performance of the EB, all in light of the perspectives of the remuneration policy, the SB has the scope to adjust the growth path of the EB members within their salary scale. Each year, the SB determines a growth rate of between 0% and 6%. The SB accounts for this in the annual remuneration report.

### Contractual aspects

The members of the EB work on the basis of a contract for services for an indefinite period of time. These contracts legally expire as soon as the parties cease to be members of the EB. The contracts can also be terminated (prematurely). In such cases, a.s.r. will observe a notice period of six months. A notice period of three months applies to the members of the EB. The contracts for services also contain a provision for dismissal due to a change of control.

The following conditions apply to severance pay for policymakers (including members of the EB):

- The maximum severance pay is 100% of the fixed annual remuneration.
- Severance pay is not awarded in the event of failure on the part of the company.
- Severance pay that can be classified as variable is not awarded to a.s.r.'s policymakers or to banks or insurers that are part of the Group. Neither fixed nor variable severance pay may be awarded in the following cases:
  - If an employment relationship is terminated early at the employee's own initiative, except where this is due to serious culpable conduct or neglect on the part of the company.

- In the event of serious culpable conduct or gross negligence on the part of the employee in the performance of his or her role.

## Pay ratio

a.s.r. is transparent concerning the remuneration of the EB. Not only in terms of actual amounts, but also in accordance with Dutch law and the Dutch Corporate Governance Code as compared with the average of the remuneration of all employees of a.s.r. As laid down in the remuneration policy of a.s.r., the ratio between the remuneration of the CEO and the average of the remuneration of the employees at a.s.r. will at all times be less than 20. The current pay-ratio is 11.03. The SB feels that this pay ratio is reasonable. When the actual remuneration of the EB is compared to the remuneration of other executive directors of comparable companies it is among the lowest.

**Pay ratio[1]**

| | 2021 | 2020[2] | 2020 (reported) | 2019 |
|---|---|---|---|---|
| Annual total compensation for the highest-paid individual (€)[3] | 1,108,000 | 1,420,000 | 824,000 | 1,145,000 |
| Average annual total compensation for all employees (€) | 100,000 | 102,000 | 62,000 | 98,000 |
| Pay ratio (%) | 11.03 | 13.85 | 13.29 | 11.70 |

## 5.3.3 Executive Board

The remuneration of current and former EB members is in accordance with the remuneration policy. Neither a.s.r. nor any undertaking belonging to the group provides any loans, advances or guarantees on behalf of a member of the EB.

**Annual remuneration for members of the Executive Board**

| Amounts for 2021 in € thousand | Fixed remuneration | | | Variable remuneration | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Executive Board member | Base salary | Fees | Fringe benefits[4] | One-year variable | Multi-year variable | Extraordinary items | Pension expense[5] | Total remuneration | Fixed portion of the total remuneration |
| Jos Baeten, CEO | 861 | - | 13 | - | - | - | 233 | 1,108 | 100% |
| Ewout Hollegien, CFO[6] | 51 | - | 2 | - | - | - | 3 | 57 | 100% |
| Ingrid de Swart, COO / CTO | 713 | - | 16 | - | - | - | 141 | 869 | 100% |
| | | | | | | | | | |
| **Former member** | | | | | | | | | |
| Annemiek van Melick[7] | 653 | - | 14 | - | - | - | 95 | 762 | 100% |
| **Total** | **2,279** | **-** | **44** | **-** | **-** | **-** | **473** | **2,796** | **100%** |

1 In 2021, the calculation method of the pay ratio was changed in accordance with the Dutch Corporate Governance Code. The new calculation method is based on: i) The total annual remuneration of the CEO includes all remuneration components (such as fixed remuneration, variable remuneration in cash (bonus), the share-based part of the remuneration, social contributions, pension, expense allowance, etc.), as included in the (consolidated) financial statements on an IFRS basis. ii) The average annual remuneration of the employees is determined by dividing the total wage costs in the financial year (as included in the (consolidated) financial statements on an IFRS basis) by the average number of FTEs during the financial year. iii) Pro rato must be taken into account when hiring external employees, insofar as they are hired for at least three months during the financial year.

2 The pay-ratio of 2020 excluding the extraordinary items is in accordance with the new calculation method 12.38.

3 The annual total compensation for the highest-paid individual is less high in 2021 because of the new defined contribution plan started from 1 January 2021. All employees participate in the defined contribution plan. The annual pension expenditure is based on a premium table.

4 Variations arise as a result of the fiscal treatment of lease vehicles depending on the price and private use of the car, personal allowance and social security.

5 The post-employment defined benefit plan of a.s.r. ended 31 December 2020. A new defined contribution plan started from 1 January 2021. The defined benefit obligation will continue to exist, but no further regular annual premium contributions will be paid to the plan. All members of the Executive Board participate in the defined contribution plan. The annual pension expenditure is based on a premium table. Further changes in the cost of pension benefits are mainly due to the impact of age. The pension costs include defined contribution pensions based on maximum pensionable salary cap, compensation for the maximum pensionable salary cap (to be used for pensions at the employees' discretion in total), and VPL.

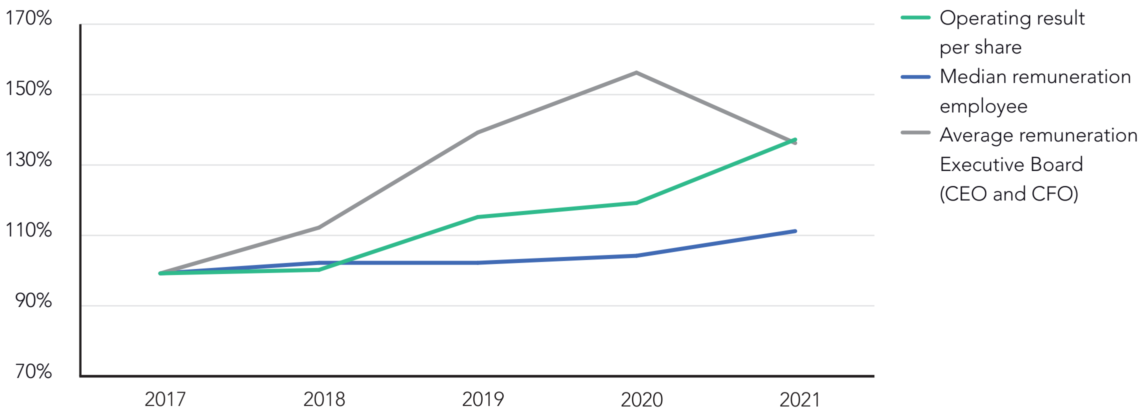
6 Ewout Hollegien was appointed as CFO and member of the EB of a.s.r. on 1 December 2021. The remuneration figures for 2021 reflect a partial year as a member of the EB.

7 Annemiek van Melick stepped down as member of the EB of a.s.r. on 12 October 2021 and left a.s.r. on 1 December 2021. The remuneration figures for 2021 reflect a partial year as a member of the EB.

## Annual remuneration for members of the Executive Board

| Amounts for 2020 in € thousand | Fixed remuneration | | | Variable remuneration | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Executive Board member | Base salary | Fees | Fringe benefits[1] | One-year variable | Multi-year variable | Extraordinary items[2] | Pension expense[3] | Total remuneration | Fixed portion of the total remuneration |
| Jos Baeten, CEO[4] | 811 | - | 13 | - | - | 151 | 445 | 1,420 | 89% |
| Annemiek van Melick, CFO | 666 | - | 15 | - | - | - | 106 | 787 | 100% |
| Ingrid de Swart, COO / CTO | 666 | - | 16 | - | - | - | 148 | 830 | 100% |
| | | | | | | | | | |
| **Former member** | | | | | | | | | |
| Karin Bergstein[5] | - | - | - | - | - | 10 | - | 10 | - |
| Michel Verwoest[5] | - | - | - | - | - | 10 | - | 10 | - |
| Chris Figee, CFO[6] | 53 | - | 6 | - | - | 10 | 11 | 80 | 87% |
| **Total** | **2,196** | **-** | **49** | **-** | **-** | **182** | **709** | **3,137** | **94%** |

## Comparative chart over the remuneration and company performance over the last five reported financial years




A comparative chart is included above concerning the remuneration and company performance over the last five reported financial years. Company performance is expressed in terms of operating result per share. The median remuneration of employees (who are not EB members) is also shown, and this is also used for the aforementioned pay ratio. Finally, the average EB remuneration (CEO and CFO) is presented.

1 Variations arise as a result of the fiscal treatment of lease vehicles depending on the price and private use of the car, personal allowance and social security.
2 After the successful IPO in 2016, The SB and EB decided in 2017 to make a one-off extra payment to all employees in the form of a gross monthly salary. By order of the supervisor (DNB), the distribution had to be paid in installments to the identified staff (the members of the EB and other identified staff). The extraordinary items 2020 relate to this final distribution (40%) of the one-off payment.
3 The commitment on pensions did not change in 2020. The increase in annual pension expenses was due to a decrease in interest rates. The calculation of annual pension expenditure was based on the total pension rights granted during the term of service at a.s.r. Further changes in the cost of pension benefits were mainly due to the impact of age, terms of service, gender and age-differentiated disability, mortality and other actuarial assumptions. The pension costs included pensions based on maximum pensionable salary cap, compensation for the maximum pensionable salary cap (to be used for pensions at the employees' discretion) amounting to € 345,000 (2019: € 285,000) in total, and VPL. The pension benefits, excluding compensation for the maximum pensionable salary cap, represent post-employment benefits.
4 The extraordinary items 2020 regarding Jos Baeten relates to a one-off 40-year anniversary payment (2020: € 136.000) and the final distribution of the one-off payment in the form of a monthly salary in 2017 (2020: 15,000), also mentioned above (see 6). All employees receive an anniversary payment of two fixed monthly salaries in the event of a 40-year employment contract (one gross and one net monthly salary).
5 The extraordinary items 2020 regarding Karin Bergstein and Michel Verwoest relates to the final distribution (40%) of the one-off payment in the form of a monthly salary in 2017 to all employees (2020: 10,000). Karin Bergstein and Michel Verwoest left the EB on 1 February 2019 and left a.s.r. on 1 August 2019, observing the applicable cancellation period of 6 months.
6 The extraordinary items 2020 regarding Chris Figee relates to the final distribution (40%) of the one-off payment in the form of a monthly salary in 2017 to all employees (2020: 10,000). Chris Figee left the EB and a.s.r. on 1 February 2020. The remuneration figures for 2020 reflect a partial year as a member of the EB of a.s.r.

The full remuneration policy can be found at www.asrnl.com.

**Pensions**
The calculation of annual pension expenses is based on the total pension rights granted during a term of service at a.s.r. pension costs include:
- Pensions based on a maximum pensionable salary cap (€ 112,189, fiscal maximum).
- Compensation for the maximum pensionable salary cap (to be used for pensions at the employee's discretion).
- Pension benefits related to historically awarded pension rights.
- VPL (early retirement and life cycle; 'VUT, Prepensioen en Levensloop').

All components of the remuneration of the EB are included in the base used for calculating the pension benefits. EB members have the same pension scheme as a.s.r. employees.

## Remuneration in 2022
Based on the benchmark and the mitigation principle, the salary of the CEO is currently at a level of between € 682,000 and € 1,026,845. A salary scale of € 530,000 to € 796,200 applies for the CFO. For the COO, a scale of € 505,000 to € 760,392 applies. The maximum for the salary scale of the CEO is currently set at approximately 10% below the median for the reference group. The maximum for the salary scale of the CFO and COO are currently set at about 5% below the median for the reference group. The benchmark is set every two years. The positioning, the scale maximum and the resulting bandwidth of the scale are then assessed and may be adjusted in relation to the resulting median.

The reference group 2021, which consists of 20 companies, is shown hereafter.

**Reference group**

| Organisation | Index |
|---|---|
| Aalberts | AMX |
| Arcadis | AMX |
| BAM Groep | AScX |
| Boskalis | AMX |
| Fugro | AMX |
| GrandVision | AMX |
| KPN | AEX |
| PostNL | AMX |
| SBM Offshore | AMX |
| Sligro | AScX |
| Signify | AEX |
| TomTom | AScX |
| Vopak | AMX |
| ABN AMRO | AMX |
| Achmea | Not listed |
| Aegon | AEX |
| NN Group | AEX |
| Triodos Bank | Not listed |
| Van Lanschot Kempen | AScX |
| Volksbank | Not listed |

Those employees who have not yet reached the end of their salary scale are paid a yearly guaranteed increase of 3% until they reach the maximum of their salary scale. EB members who have not reached the maximum of their salary scale can be paid a yearly increase of between 0% and 6% (not guaranteed) until they reach the maximum of their scale. Although market conditions have changed due to COVID-19, the results of a.s.r. are undiminished good. The financial results for 2021 are excellent and in addition, all externally published medium-term targets for the period 2019-2021 have been achieved. With exception of the target on employee contribution through the a.s.r. foundation, but this is due to COVID-19 related lockdowns and contact restrictions. As far as the shareholders are concerned, the interim dividend for 2021 has been paid regularly and a solid total dividend for 2021 will also be paid. In the view of the SB there are also (currently) no negative consequences for other stakeholders of a.s.r., such as customers or employees. A very thorough process was completed last year in the context of the updated strategy and careful preparation for the targets 2022-2024, which were presented during a successful Investor Update on 7 December 2021. On the advice of the Remuneration Committee, it was therefore decided to grant a salary increase of 6% to all members of the EB as of 1 January 2022 (with the exception of Ewout Hollegien due to his appointment as of 1 December 2021).

Also under the current (2021-2022) CLA, a.s.r. employees are given an indexation of their salary of 2.25% (as per 1 March 2021 and as per 1 March 2022). This increase due to the CLA would also apply to the EB. For 2022, this means that all members of the EB will receive an increase of 2.25% as per 1 March 2022.

## Participation in a.s.r. shares
In addition to the remuneration policy, EB members have committed themselves to taking a percentage of their remuneration in the form of a.s.r. shares. Each member has signed an individual agreement committing to purchase these shares. As of 2020, the EB members have committed themselves to a shareholding of 75% for the CEO and 50% for the other members, of their latest gross salary. The share interest will be achieved within a maximum of seven years. The shares must be held for a minimum of five years (blocking period). This percentage may be considered low in relation to other companies, but the fact that EB members use their own financial resources to purchase these shares must be taken into account. The shares do not form part of a variable remuneration or a remuneration in shares. The SB has concluded agreements with the EB members that the intended target (a shareholding of 75% for the CEO and 50% for the other members of the EB, of their latest gross salary) will be achieved by 2026 at the latest.

As of 1 March 2022, the current EB members will hold the following shares:
- Jos Baeten 7,655 (42.6% of latest gross salary)
- Ewout Hollegien 472 (5.7% of latest gross salary)
- Ingrid de Swart 3,078 (31.0% of latest gross salary)

## 5.3.4 Supervisory Board

The remuneration paid to the members of the SB does not depend on the financial performance of a.s.r. and none of the SB members own a.s.r. shares. The SB members are entitled to the following, as adopted by the 2019 AGM:
- A base fee for the SB members or chair.
- A committee fee for members or chair of each of the SB's Committees.

In setting the level of remuneration, the responsibilities and time spent by the SB of a listed financial institution are taken into account; this includes:
- Responding to revised and expanding legislation and regulations.
- Fundamental changes in the nature and complexity of the company and governance.
- a.s.r.'s profile, in which organic growth, mergers, acquisitions and collaborations in complex insurance areas are actively examined and / or pursued.

The Dutch Corporate Governance Code states that the remuneration of members of the SB should reflect the time spent on the function and the responsibility involved. The remuneration level within the reference group used will also be examined. This reference group is the same as that used for the members of the EB.

An overview of the remuneration is shown below:

**Type of remuneration**

| In € | As of July 2019 |
|---|---|
| **Supervisory Board** | |
| Chair | 50,000 |
| Member | 35,000 |
| **Audit & Risk Committee** | |
| Chair | 15,000 |
| Member | 10,000 |
| **Remuneration Committee** | |
| Chair | 10,000 |
| Member | 5,000 |
| **Nomination & ESG Committee** | |
| Chair | 10,000 |
| Member | 5,000 |

SB members who also serve on the SB of ASR Basis / Aanvullende Ziektekostenverzekeringen N.V. receive € 4,000 per annum. Annual fees are not paid to members of the EB who are also members of the SB of one of the Group entities.

### Remuneration of the Supervisory Board members in 2021

The remuneration of current, and former, members of the SB is in accordance with the remuneration policy. Neither a.s.r. nor any undertaking that is part of the same group provides loans, advances or guarantees on behalf of a member of the SB.

The Dutch Corporate Governance Code states that the remuneration of members of the SB should reflect the time spent on the function and the responsibility involved. A basic principle of a.s.r.'s remuneration policy (both for the EB and the SB) is that remuneration should be just below the median for the reference group. The responsibilities and time spent by a.s.r.'s SB have increased in recent years due to changes in governance, legislation and regulation. In 2020 a benchmark study was conducted based on reference group compensation data which is publicly available, retrieved from Annual Reports. This benchmark study shows that the current remuneration levels of the members and chairman of the SB are significantly below the median for the reference group. For various reasons, the SB decided not to submit a proposal for amendment to the coming AGM. A benchmark study will also be carried out next year, after which this will be evaluated further.

## Annual remuneration for members of the Supervisory Board

| Amounts for 2021 in € thousand | Fixed remuneration | | | |
|---|---|---|---|---|
| | Base salary[1] | Fees[2] | Total remuneration | Fixed portion of the total remuneration |
| Joop Wijn[3] | 44 | 13 | 57 | 100% |
| Herman Hintzen[4] | 35 | 19 | 54 | 100% |
| Sonja Barendregt[5] | 35 | 19 | 54 | 100% |
| Gerard van Olphen[6] | 35 | 11 | 46 | 100% |
| Gisella van Vollenhoven[7] | 35 | 18 | 53 | 100% |
| | | | | |
| **Former member** | | | | |
| Kick van der Pol[8] | 21 | 8 | 29 | 100% |
| **Total** | **205** | **88** | **292** | **100%** |

## Annual remuneration for members of the Supervisory Board

| Amounts for 2020 in € thousand | Fixed remuneration | | | |
|---|---|---|---|---|
| | Base salary[1] | Fees[2] | Total remuneration | Fixed portion of the total remuneration |
| Kick van der Pol[8] | 50 | 19 | 69 | 100% |
| Joop Wijn[3] | 9 | 3 | 11 | 100% |
| Herman Hintzen[4] | 35 | 24 | 59 | 100% |
| Sonja Barendregt[5] | 35 | 17 | 52 | 100% |
| Gerard van Olphen[6] | 35 | 5 | 40 | 100% |
| Gisella van Vollenhoven[7] | 35 | 15 | 50 | 100% |
| | | | | |
| **Former member** | | | | |
| Cor van den Bos[9] | 18 | 11 | 28 | 100% |
| **Total** | **216** | **93** | **309** | **100%** |

1 Remuneration as a SB member or chair of the SB of a.s.r.
2 Remuneration as a committee chair or member of the SB of ASR Bank N.V. (2020) or SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V.
3 Joop Wijn was appointed as chair of the SB on 19 May 2021. The fees relate to the amounts received as a committee member (later chair) of the N&ESG Committee (€ 7,917) and as a committee member of the Remuneration Committee (€ 5,000). The remuneration figures for 2020 reflect a partial year as a member of the SB.
4 The fees relate to the amounts received as a committee member of the Audit & Risk Committee (€ 10,000), a partial year as a committee member of the N&ESG Committee (€ 3,750) and as a committee member of the Remuneration Committee (€ 5,000).
5 The fees relate to the amounts received as chair of the Audit & Risk Committee (€ 15,000) and as a committee member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 4,000).
6 The fees relate to the amounts received as a committee member of the Audit & Risk Committee (€ 10,000) and a partial year as a committee member the N&ESG Committee (€ 1,250).
7 The fees relate to the amounts received as a committee member of the N&ESG (€ 5,000), chair of the Remuneration Committee (€ 10,000) and a partial year as a committee member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 3,000).
8 Kick van der Pol left the SB as of 19 May 2021. The remuneration figures for 2021 reflect a partial year as a member of the SB. The fees relate to the amounts received as chair of the N&ESG Committee (€ 4.167) and as a committee member of the Remuneration Committee (€ 2,083) and as a committee member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 1,667).
9 The remuneration figures for 2020 for Cor van den Bos reflect a partial year as a member of the SB and chair of the Audit & Risk Committee.

# 5.4 Employee participation

**a.s.r. began 2021 with a new Works Council. Seven members of the Works Council were elected, together with members of nine committees. The turnout for the elections was high and the outcome diverse. It is good to see that the composition of the Works Council is diverse. By evenly distributing members across different business lines, each decision is illuminated from multiple expertises and perspectives. Personal background and experience ensure that everyone's opinion is represented.**

In the first year evaluation the Works Council noted that cooperation with the various stakeholders was going smoothly. There is a healthy balance between substantive discussion and informal meetings / talks. There is room for professional support of the Works Council by a team of experienced experts. As with the Works Council, other a.s.r. bodies have also changed their composition. The Executive and Supervisory Boards both started in their current composition fairly recently. So far, the Works Council is pleased to note that both bodies are functioning well, both among themselves (countervailing power) and in cooperation with the Works Council.

The Works Council stands for strong employee participation and considers it important to be a good discussion partner for all stakeholders.

In its activities and conversations, the Works Council places special emphasis on:

- Ensuring that employees are future-resilient.
- Ensuring that diversity, equality and inclusion are safeguarded throughout the organisation.

During 2021, the Works Council was consulted on, or notified about, the following topics, among others:

*Finance Committee*

- (half) yearly figures
- preview
- financial market developments

*Social Policy Committee*

- HR affairs
- risk inventory and evaluation

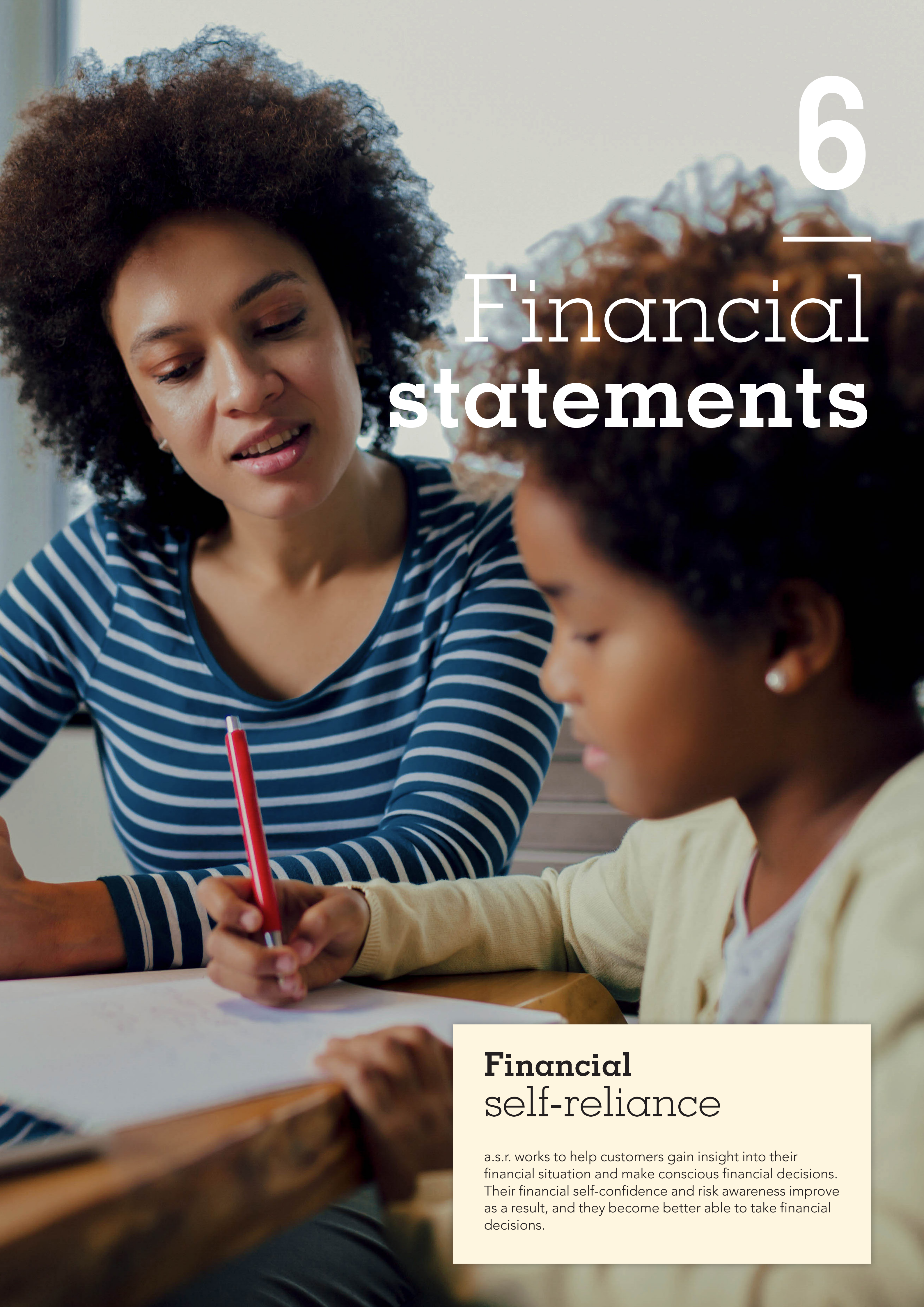
*Works Council-wide*

- organisational changes
- COVID-19 related matters
- strategic personnel planning
- (proposed) appointment of Ewout Hollegien

In total, two requests for advice and three requests for consent were processed by the Works Council. Various requests for advice were also dealt with in the subcommittees.

**Meetings of the Works Council**

| Meeting | Participants | Number of meetings |
|---|---|---|
| Regular Works Council meetings with a member of the EB | Chair of EB, secretary of EB, HR Director and Works Council | 6 |
| Ad hoc meetings Works Council with a member of the EB | Chair of EB, secretary of EB, HR Director and two or members of the Works Council | 12 |
| Regular Works Council meetings with a member of the EB and members of the SB | Chair of the EB, member(s) of the SB, secretary of EB, HR Director, and Works Council | 3 |
| Works Council meetings without a member of the EB | Works Council | 52 |



# 6

# Financial **statements**

## **Financial** self-reliance

a.s.r. works to help customers gain insight into their financial situation and make conscious financial decisions. Their financial self-confidence and risk awareness improve as a result, and they become better able to take financial decisions.

# 6 Financial **statements**

This document is the PDF / printed version of the 2021 Annual Report of a.s.r. and has been prepared for ease of use. The 2021 Annual Report was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op financieel toezicht), and was filed with Netherlands Authority for the Financial Markets in European single electronic reporting format (the ESEF package). The ESEF package is available on www.asrnl.com and includes a human readable XHMTL version of the 2021 Annual Report. In any case of discrepancies between this PDF version and the ESEF package, the latter prevails.

# 6.1 Introduction

## 6.1.1 General information

ASR Nederland N.V. (a.s.r.) ranks among the top 3 insurers in the Netherlands. a.s.r. offers products and services in the fields of insurance, pensions and mortgages for consumers, self-employed persons and companies. In addition, a.s.r. is active as an asset manager for third parties.

a.s.r. is listed on Euronext Amsterdam and is included in the MidKap index. a.s.r. has a total of 4,155 internal FTE's (2020: 4,042).

a.s.r. is a public limited company under Dutch law having its registered office located at Archimedeslaan 10, 3584 BA in Utrecht, the Netherlands. Country of incorporation is the Netherlands. a.s.r. has chosen the Netherlands as 'country of origin' (land van herkomst) for the issued share capital and corporate bonds which are listed on Euronext Amsterdam and Euronext Dublin (Ticker: ASRNL).

a.s.r. is registered under number 30070695 in the register of the Chamber of Commerce.

The consolidated financial statements are presented in euros (€), being the functional currency of a.s.r. and all its group entities. All amounts quoted in these financial statements are in euros and rounded to the nearest million, unless otherwise indicated. Calculations are made using unrounded figures. As a result rounding differences can occur.

The financial statements for 2021 were authorised for issue by the Executive Board (EB) and approved by the Supervisory Board (SB) on 22 March 2022. The financial statements 2021 will be presented to the Annual General Meeting (AGM) of Shareholders for adoption on 25 May 2022.

## 6.1.2 Impact of COVID-19

### Introduction

Like 2020, the COVID-19 pandemic also caused a significant number of confirmed infections in 2021, both in the Netherlands and worldwide. After the advance of the delta variant in the middle of the year, the omicron variant, with predominantly milder symptoms but more infectious, became the dominant virus variant at the end of the year. The growing immunity through vaccinations, including the booster campaign, and the relatively mild nature of the omicron variant of COVID-19, with less serious consequences, led to a new phase. Alertness remains necessary as COVID-19 has often caused surprises, e.g. with more infectious subvariants.

The Dutch government issued a series of far reaching measures to stop the spread of COVID-19 and to mitigate its impact on the Dutch society and economics. At the same time, uncertainty remains high and economic developments are difficult to predict. The Dutch economy was hit hard by COVID-19 in 2020, but a strong recovery was visible in 2021. The economy was able to show resilience because its core was healthy when COVID-19 struck. With the exception of a few sectors, the extensive government economic relief programme has now been phased out.

In these extraordinary times a.s.r.'s prime concern is the personal well-being of a.s.r.'s customers and employees, their partners and their families. As a leading Dutch insurer, a.s.r. is committed to help its customers through this challenging period and to do everything in its power to help overcome COVID-19 in the Netherlands. a.s.r. is genuinely pleased to see that all business lines continued delivering services to the customers of a.s.r. without interruption despite the switch to hybrid working.

As published in this report, a.s.r. is financially healthy with a solid capital position and these financial statements have been prepared on a going concern basis.

### Impact on key figures

In 2021, the indicative impact of COVID-19 on operating result increased by € 78 million to a positive amount of € 77 million (2020: € -1 million).

*Segment Non-life*

The positive impact of COVID-19 on operating result increased by € 72 million to an estimated amount of € 93 million (2020: € 21 million). Lower claims in P&C due to COVID-19, particularly in motor and fire, led to an increased positive impact. Technical provisions at Disability were further strengthened this year due to revised expectations with regard to

COVID-19 related long-term absenteeism, but less significant compared to last year. At Health, an extra contribution was received from the Health insurance fund, based on article 33 of the Health Insurance Act, resulting in a limited increased positive impact.

*Segment Life*
The impact of COVID-19 on operating result was less negative and decreased by € 6 million to € -16 million (2020: € -22 million) and thus remained limited. Lower dividend pay-out from property funds and increased rental discounts were partly off set by higher dividend income on equity as a result of financial markets recovery, while previous year equity dividend was under pressure. On annual basis, no observable COVID-19 impact of excess mortality rates was recognised, mainly due to diversification effects between the Individual, Pension and Funeral portfolio.

The COVID-19 developments had a slightly positive impact on the Solvency II ratio (2020: limited impact).

The ultimate impact of COVID-19 on society and results going forward is still difficult to predict reliable, a.s.r. remains cautious for the effects in the longer term.

More detailed information about the financial impact of COVID-19 is disclosed in the notes to the consolidated balance sheet and the notes to the consolidated income statement, if and when applicable.

## 6.1.3 **Statement of compliance**

The consolidated financial statements of a.s.r. have been prepared in accordance with the IFRS – including the International Accounting Standards (IAS) and Interpretations – as adopted by the EU, and with the financial reporting requirements included in Title 9, Book 2 of the Dutch Civil Code, where applicable.

Pursuant to the options offered by Section 362, Book 2 of the Dutch Civil Code, a.s.r. has prepared its company financial statements in accordance with the same principles as those used for the consolidated financial statements.

# 6.2 Consolidated financial statements

## 6.2.1 Consolidated balance sheet

**Consolidated balance sheet**

| (in € millions and before profit appropriation) | Note | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| Intangible assets | 6.5.1 | 428 | 345 |
| Property, plant and equipment | 6.5.2 | 556 | 198 |
| Investment property | 6.5.3 | 2,052 | 1,973 |
| Associates and joint ventures at equity method | 6.5.4 | 102 | 101 |
| Investments | 6.5.5 | 33,550 | 36,599 |
| Investments on behalf of policyholders | 6.5.6 | 11,574 | 10,154 |
| Investments related to investment contracts | 6.5.7 | 1,952 | - |
| Loans and receivables | 6.5.8 | 15,259 | 14,370 |
| Derivatives | 6.5.9 | 6,212 | 9,168 |
| Deferred tax assets | 6.5.10 | - | 177 |
| Reinsurance contracts | 6.5.15 | 417 | 483 |
| Other assets | 6.5.11 | 631 | 720 |
| Cash and cash equivalents | 6.5.12 | 2,306 | 2,846 |
| Assets held for sale | | - | 18 |
| **Total assets** | | **75,040** | **77,151** |
| | | | |
| Share capital | 6.5.13 | 22 | 23 |
| Share premium reserve | | 956 | 976 |
| Unrealised gains and losses | 6.5.13 | 1,461 | 1,137 |
| Actuarial gains and losses | 6.5.13 | -1,055 | -1,253 |
| Retained earnings | | 5,061 | 4,509 |
| Treasury shares | 6.5.13 | -83 | -82 |
| **Equity attributable to shareholders** | | **6,363** | **5,309** |
| | | | |
| Other equity instruments | 6.5.13 | 1,004 | 1,004 |
| **Equity attributable to holders of equity instruments** | | **7,366** | **6,313** |
| | | | |
| Non-controlling interests | | 18 | - |
| **Total equity** | | **7,385** | **6,313** |
| | | | |
| Subordinated liabilities | 6.5.14 | 992 | 991 |
| Liabilities arising from insurance contracts | 6.5.15 | 37,797 | 41,460 |
| Liabilities arising from insurance contracts on behalf of policyholders | 6.5.15 | 14,566 | 13,137 |
| Liabilities arising from investment contracts | 6.5.16 | 1,952 | - |
| Employee benefits | 6.5.17 | 4,013 | 4,253 |
| Provisions | 6.5.18 | 24 | 24 |
| Borrowings | 6.5.19 | 192 | 54 |
| Derivatives | 6.5.9 | 759 | 1,419 |
| Deferred tax liabilities | 6.5.10 | 69 | - |
| Due to customers | 6.5.20 | 573 | 553 |
| Due to banks | 6.5.21 | 5,741 | 7,996 |
| Other liabilities | 6.5.22 | 976 | 951 |
| **Total liabilities** | | **67,655** | **70,838** |
| | | | |
| **Total equity and liabilities** | | **75,040** | **77,151** |

The numbers following the line items refer to the relevant chapters in the notes.

## 6.2.2 Consolidated income statement

| Consolidated income statement for the year ended 31 December | | | |
|---|---|---|---|
| (in € millions) | Note | 2021 | 2020 |
| **Continuing operations** | | | |
| | | | |
| Gross written premiums | 6.6.1 | 5,859 | 5,276 |
| Change in provision for unearned premiums | | 16 | 24 |
| **Gross insurance premiums** | | **5,875** | **5,300** |
| Reinsurance premiums | | -99 | -100 |
| **Net insurance premiums** | | **5,777** | **5,200** |
| | | | |
| Investment income | 6.6.2 | 1,571 | 1,488 |
| Realised gains and losses | 6.6.3 | 490 | 396 |
| Fair value gains and losses | 6.6.4 | 110 | -49 |
| Result on investments on behalf of policyholders | | 1,636 | 474 |
| Result on investments related to investment contracts | | 185 | - |
| Fee and commission income | 6.6.5 | 204 | 149 |
| Other income | 6.6.6 | 56 | 81 |
| Share of result of associates and joint ventures | | 9 | 4 |
| **Total income** | | **10,036** | **7,743** |
| | | | |
| Insurance claims and benefits | | -6,846 | -5,082 |
| Insurance claims and benefits recovered from reinsurers | | 29 | 30 |
| **Net insurance claims and benefits** | 6.6.7 | **-6,817** | **-5,051** |
| | | | |
| Changes in liabilities arising from investment contracts | | -185 | - |
| Operating expenses | 6.6.8 | -725 | -701 |
| Restructuring provision expenses | | -4 | -7 |
| Commission expenses | | -526 | -516 |
| Impairments | 6.6.9 | -22 | -167 |
| Interest expense | 6.6.10 | -362 | -331 |
| Other expenses | 6.6.11 | -186 | -141 |
| **Total expenses** | | **-2,010** | **-1,862** |
| | | | |
| **Result before tax from continuing operations** | | **1,209** | **829** |
| | | | |
| Income tax (expense) / gain | 6.6.12 | -270 | -172 |
| **Result after tax from continuing operations** | | **939** | **657** |
| | | | |
| **Discontinued operations** | | | |
| Result after tax from discontinued operations | | - | -2 |
| | | | |
| **Net result** | | **939** | **656** |
| | | | |
| **Attributable to:** | | | |
| Non-controlling interests | | -3 | -1 |
| | | | |
| - Shareholders of the parent | | 894 | 609 |
| - Holders of other equity instruments | | 48 | 48 |
| **Result attributable to holders of equity instruments** | | **942** | **657** |

The numbers following the line items refer to the relevant chapters in the notes.

## Basic earnings per share

| (in €) | Note | 2021 | 2020 |
|---|---|---|---|
| **Basic earnings per share** | | | |
| Basic earnings per ordinary share from continuing operations | 6.5.13 | 6.56 | 4.40 |
| Basic earnings per ordinary share from discontinued operations | 6.5.13 | - | -0.01 |
| **Basic earnings per share** | | **6.56** | **4.38** |

## Diluted earnings per share

| (in €) | Note | 2021 | 2020 |
|---|---|---|---|
| **Diluted earnings per share** | | | |
| Diluted earnings per ordinary share from continuing operations | 6.5.13 | 5.77 | 3.91 |
| Diluted earnings per ordinary share from discontinued operations | 6.5.13 | - | -0.01 |
| **Diluted earnings per share** | | **5.77** | **3.90** |

## 6.2.3 Consolidated statement of comprehensive income

### Consolidated statement of comprehensive income for the year ended 31 December

| (in € millions) | Note | 2021 | 2020 |
|---|---|---|---|
| **Net result** | | **939** | **656** |
| | | | |
| Remeasurements of post-employment benefit obligation | 6.5.17 | 249 | -316 |
| Unrealised change in value of property for own use | 6.5.2 | -7 | 13 |
| Income tax on items that will not be reclassified to profit or loss | | -49 | 76 |
| **Total items that will not be reclassified to profit or loss** | | **193** | **-227** |
| | | | |
| Unrealised change in value of available for sale assets | | -389 | 1,090 |
| Realised gains/(losses) on available for sale assets reclassified to profit or loss | | -456 | -304 |
| Shadow accounting | 6.5.15 | 1,260 | -552 |
| Segregated investment pools | | -6 | 5 |
| Income tax on items that may be reclassified subsequently to profit or loss | | -79 | -48 |
| **Total items that may be reclassified subsequently to profit or loss** | | **330** | **191** |
| | | | |
| **Total other comprehensive income, after tax** | | **523** | **-37** |
| | | | |
| **Total comprehensive income** | | **1,461** | **619** |
| | | | |
| **Attributable to:** | | | |
| Non-controlling interests | | -3 | -1 |
| | | | |
| - Shareholders of the parent | | 1,416 | 572 |
| - Holders of other equity instruments | | 48 | 48 |
| **Total comprehensive income attributable to holders of equity instruments** | | **1,465** | **620** |

The numbers following the line items refer to the relevant chapters in the notes.

Shadow accounting allows a recognised but unrealised gain or loss on an asset to be transferred to liabilities arising from insurance contracts (see accounting policy J, chapter 6.3.4).

## 6.2.4 **Consolidated statement of changes in equity**

**Consolidated statement of changes in equity**

| (in € millions) | Share capital | Share premium reserve | Unrealised gains and losses | Unrealised actuarial gains and losses | Retained earnings | Treasury shares | Equity Attributable To Shareholders | Other Equity Instruments | Non Controlling Interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2020** | **23** | **976** | **937** | **-1,016** | **4,179** | **-9** | **5,089** | **1,004** | **-** | **6,093** |
| Net result | - | - | - | - | 657 | - | 657 | - | -1 | 656 |
| Total other comprehensive income | - | - | 200 | -237 | - | - | -37 | - | - | -37 |
| **Total comprehensive income** | **-** | **-** | **200** | **-237** | **657** | **-** | **620** | **-** | **-1** | **619** |
| Dividend paid | - | - | - | - | -272 | - | -272 | - | - | -272 |
| Discretionary interest on other equity instruments | - | - | - | - | -48 | - | -48 | - | - | -48 |
| Treasury shares acquired (-)/sold | - | - | - | - | -1 | -73 | -74 | - | - | -74 |
| Other movements | - | - | - | - | -6 | - | -6 | - | 1 | -5 |
| **At 31 December 2020** | **23** | **976** | **1,137** | **-1,253** | **4,509** | **-82** | **5,309** | **1,004** | **-** | **6,313** |
| **At 1 January 2021** | **23** | **976** | **1,137** | **-1,253** | **4,509** | **-82** | **5,309** | **1,004** | **-** | **6,313** |
| Net result | - | - | - | - | 942 | - | 942 | - | -3 | 939 |
| Total other comprehensive income | - | - | 325 | 198 | - | - | 523 | - | - | 523 |
| **Total comprehensive income** | **-** | **-** | **325** | **198** | **942** | **-** | **1,465** | **-** | **-3** | **1,461** |
| Dividend paid | - | - | - | - | -285 | - | -285 | - | - | -285 |
| Discretionary interest on other equity instruments | - | - | - | - | -48 | - | -48 | - | - | -48 |
| Treasury shares acquired (-)/sold | - | - | - | - | -1 | -78 | -79 | - | - | -79 |
| Increase (decrease) in capital | - | -20 | - | - | -57 | 78 | - | - | 22 | 22 |
| Other movements | - | - | - | - | 1 | - | 1 | - | -1 | - |
| **At 31 December 2021** | **22** | **956** | **1,461** | **-1,055** | **5,061** | **-83** | **6,363** | **1,004** | **18** | **7,385** |

In 2021, the non controlling interest increased mainly due to a capital contribution by external investors into ASR Dutch Science Park Fund (€ 18 million).

Unrealised gains and losses include shadow accounting adjustments (see accounting policy J, chapter 6.3.4). For more detailed information on the unrealised gains and losses, see chapter 6.5.13.2.

For more information on the actuarial gains and losses related to the pension obligation, see chapter 6.5.13.3.

For more information on treasury shares acquired and sold, see chapter 6.5.13.4.

## 6.2.5 Consolidated statement of cash flows

The table below represents the cash flows from continuing and discontinued operations combined. Discontinued operations are only relevant for 2020 and relate to the discontinued activities of former ASR Bank N.V.

### Consolidated statement of cash flows

| (in € millions) | 2021 | 2020 |
|---|---|---|
| **Cash and cash equivalents as at 1 January** | **2,863** | **2,955** |
| | | |
| **Cash generated from operating activities** | | |
| Result before tax | 1,209 | 827 |
| | | |
| **Adjustments on non-cash items included in result:** | | |
| Revaluation through profit or loss | -209 | -87 |
| Retained share of result of associates and joint ventures | -7 | -3 |
| | | |
| Amortisation of intangible assets | 33 | 32 |
| Depreciation of property, plant and equipment | 19 | 16 |
| Amortisation of investments | 110 | 189 |
| Amortisation of subordinated debts | 1 | 1 |
| Impairments | 22 | 167 |
| | | |
| **Changes in operating assets and liabilities:** | | |
| Net (increase) / decrease in investment property | 12 | 22 |
| Net (increase) / decrease in investments | 2,198 | -1,010 |
| Net (increase) / decrease in investments on behalf of policyholders | -1,420 | -405 |
| Net (increase) / decrease in investments related to investment contracts | -428 | - |
| Net (increase) / decrease in derivatives | 2,296 | -2,466 |
| Net (increase) / decrease in amounts due from and to customers | -2,630 | -1,436 |
| Net (increase) / decrease in amounts due from and to credit institutions | -499 | 1,819 |
| Net (increase) / decrease in trade and other receivables | 4 | -46 |
| Net (increase) / decrease in reinsurance contracts | 66 | 88 |
| Net increase / (decrease) in liabilities arising from insurance contracts | -2,402 | 2,023 |
| Net increase / (decrease) in liabilities arising from insurance contracts on behalf of policyholders | 1,429 | 482 |
| Net increase / (decrease) in liabilities arising from investment contracts | 428 | - |
| Net (increase) / decrease in other operating assets and liabilities | 96 | 249 |
| | | |
| Income tax received (paid) | -131 | -87 |
| Net (increase) / decrease in assets and liabilities relating to held for sale | - | -21 |
| **Cash flows from operating activities** | **198** | **354** |
| | | |
| **Cash flows from investing activities:** | | |
| Investments in associates and joint ventures | -6 | -2 |
| Proceeds from sales of associates and joint ventures | 19 | 3 |
| Purchases of property, plant and equipment | -386 | -14 |
| Purchases of group companies (less acquired cash positions) | -88 | -33 |
| Sales of group companies (less sold cash positions) | - | - |
| Purchase of intangible assets | -1 | -1 |
| **Cash flows from investing activities** | **-463** | **-47** |

| (in € millions) | 2021 | 2020 |
|---|---|---|
| **Cash flows from financing activities:** | | |
| Proceeds from issues of loans | 113 | 4 |
| Repayment of loans | -9 | -2 |
| Repayment of lease liabilities | -7 | -6 |
| Dividend paid | -285 | -272 |
| Discretionary interest to holders of equity instruments | -48 | -48 |
| Non-controlling interests | 22 | - |
| Purchase/ sale of treasury shares | -79 | -74 |
| **Cash flows from financing activities** | **-292** | **-399** |
| | | |
| **Cash and cash equivalents as at 31 December** | **2,306** | **2,863** |
| | | |
| **Further details on cash flows from operating activities:** | | |
| Interest received | 1,458 | 1,471 |
| Interest paid | -370 | -330 |
| Dividend received | 146 | 121 |
| | | |
| **Further details on lease payments:** | | |
| Total cash outflow for leases | -6 | -6 |

## Cash and cash equivalents

| | 2021 | 2020 |
|---|---|---|
| **Total cash and cash equivalents** | | |
| Cash and cash equivalents from continuing operations | 2,306 | 2,846 |
| Cash and cash equivalents classified as assets held for sale | - | 17 |
| | | |
| **Total cash and cash equivalents** | **2,306** | **2,863** |

# 6.3 **Accounting** policies

## 6.3.1 **Changes in presentation**

The current presentation differs from last year's presentation in some aspects. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format, including related disclosures, to ensure comparability. These changes in presentation have no impact on net result nor equity.

## 6.3.2 **Changes in EU endorsed published IFRS standards and interpretations effective in 2021**

In 2021, no changes in EU endorsed published IFRS Standards and Interpretations are relevant to a.s.r. with a significant impact.

## 6.3.3 **New standards, interpretations of existing standards or amendments to standards, not yet effective in 2021**

The following new standards, amendments to existing standards and interpretations, relevant to a.s.r. and published prior to 1 January 2022 and effective for accounting periods beginning on or after 1 January 2022, were not early adopted by a.s.r.:
- IFRS 17: Insurance Contracts (2023);
- IFRS 9: Financial Instruments (2023).

### IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts revised was issued by the IASB in June 2020 and endorsed by the EU to replace IFRS 4 Insurance Contracts. In December 2021, the IASB issued a limited scope amendment to IFRS 17 related to the classification overlay to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 9 together with IFRS 17. IFRS 17 and IFRS 9 will be effective from 1 January 2023. IFRS 17 is expected to increase comparability by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values – instead of using the minimum of tariff rates ('tariefgrondslagen') or Solvency II (for the Liability adequacy test) as is currently the a.s.r. accounting policy (see accounting policy J and K).

This standard represents the most significant change to European insurance accounting requirements in decennia and will have a significant impact on the information presented in the financial statements (the primary statements as well as the disclosures). The standard introduces three models for the measurement of the insurance contracts. The general model (GM), the variable fee approach (VFA) for contracts with a direct participating feature and the premium allocation approach which is a simplified version of the GM and can be used mainly for short-duration contracts.

The GM measures insurance liabilities by taking the fulfilment cash flows, being the present value of future cash flows (PVFCF) including a risk adjustment (RA), and then adding a contractual service margin (CSM). The CSM represents the unearned profits of insurance contracts and will change the recognition of revenue in each reporting period for insurance companies. The VFA model is required for contracts with direct participating features and although it contains the same basic components as the GM (PVFCF, RA and CSM), the way in which the investments interact and specifically the manner in which the fair value movements and returns are recognised differ from the GM, whereby the outcome under VFA provides a better matching in the balance sheet and income statement for these contracts.

Under current a.s.r.'s accounting policy, revenue for insurance contracts is recognised when premiums are earned or received. Under IFRS 17, the insurance contract revenue depicts the insurance coverage and other services provided arising from the group of insurance contracts at an amount that reflects the consideration to which a.s.r. expects to be entitled in exchange for those insurance contract services. Revenue includes the release of the CSM and RA in profit or loss over the coverage period. Insurance service result is a new income statement line item which is effectively a net result on non-financial risks of all insurance contracts. Current economic and non-economic (e.g. actuarial) assumptions are used in remeasuring the fulfilment value at each reporting period.

IFRS 17 must be implemented retrospectively with amendment of comparative figures. However, simplifications may be used on transition when the full retrospective approach is impracticable.

### IFRS 9 Financial Instruments

IFRS 9 is effective from 1 January 2018 and EU endorsed. a.s.r. applies the temporary exemption from applying IFRS 9 for predominant insurance entities as permitted by the amendments to IFRS 4. The IFRS 4 amendments postpone the implementation of IFRS 9 until the effective date of the new insurance contracts standard IFRS 17. Due to this exemption, there is currently no impact of IFRS 9 on the consolidated financial statements of a.s.r. but it may have a significant impact on shareholders' equity, net result and / or other comprehensive income and on the consolidated financial statements of a.s.r. in 2023.

The required disclosures as a result of the temporary exemption from applying IFRS 9 have been provided in chapter 6.7.3 Fair value of financial assets categorised into two groups based on business model and SPPI test results.

IFRS 9 replaces most of the current IAS 39 Financial Instruments: Recognition and Measurement, and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

#### Classification and measurement

The classification and measurement of financial assets under IFRS 9 will depend on a.s.r.'s business model and the instrument's contractual cash flow characteristics. These may result in financial assets being recognised at amortised cost, at fair value through other comprehensive income (equity) or at fair value through profit or loss. In many instances, the classification and measurement under IFRS 9 will be similar to IAS 39, although certain differences will arise. The classification and measurement of financial liabilities remains unchanged. The final outcome of the classification and measurement will be highly dependent on the interaction between IFRS 17 insurance contract accounting and IFRS 9 accounting for financial assets and liabilities, taking into account decisions and guidance prepared in the IFRS 17 and IFRS 9 implementation project.

#### Impairment

The recognition and measurement of impairments under IFRS 9 is intended to be more forward-looking than under IAS 39. The new impairment requirements will apply to all financial assets measured at amortised cost and at fair value through other comprehensive income with the exception of equity instruments. Initially, a provision is required for expected credit losses resulting from default events that are expected within the next twelve months. In the event of a significant increase in credit risk, a provision is required for expected credit losses resulting from all possible default events over the expected life of the financial asset.

### Programme IFRS 17 and IFRS 9

In 2017, a.s.r. started a combined programme to implement IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. The largest milestones of the programme during 2021 were the 2021 dry-run which was performed in preparation for the 2022 year in which all systems will be brought into production and the opening balance sheet will be determined. In 2021, a.s.r. also started the audit process to ensure that the audit will be finalised for the 2023 reporting period.

In 2022, all systems will be brought into production. This enables a.s.r. to prepare the opening balance sheet and comparative figures for the income statement (parallel reporting) and further ensure that the programme will be finalised in 2023. The parallel reporting of both current IFRS and IFRS 17 and IFRS 9 figures in 2022 will place increased pressure on the available resources. As a result, management is closely monitoring progress to ensure that a.s.r. can meet its reporting requirements in this regard.

At this moment, given the complexity and options available in IFRS 17 and IFRS 9, it is too early to quantify the actual impact on IFRS equity and profit for the year. However, a.s.r. expects IFRS 17 in combination with IFRS 9 to have significant changes to its accounting policies and impact on shareholders' equity, net result, presentation and disclosure.

## 6.3.4 Key accounting policies

### A. Estimates and assumptions

The preparation of the financial statements requires a.s.r. to make estimates, assumptions and judgements in applying accounting policies that have an effect on the reported amounts in the financial statements.
These relate primarily to the following:

- The fair value and impairments of unlisted financial instruments (see accounting policy B and E);
- The estimated useful life, residual value and fair value of property, plant and equipment, investment property, and intangible assets (see accounting policy C, D and U);
- The measurement of liabilities arising from insurance contracts (see accounting policy J);
- Actuarial assumptions used for measuring employee benefit obligations (see chapter 6.5.17);
- When forming provisions, the required estimate of existing obligations arising from past events;
- The recoverable amount of impaired assets (see accounting policy B, E and H);
- The fair value used to determine the net asset value in acquisitions.

The estimates and assumptions are based on management's best knowledge of current facts, actions and events. The actual outcomes may ultimately differ from the results reported earlier on the basis of estimates and assumptions. A detailed explanation of the estimates and assumptions are given in the relevant notes to the consolidated financial statements.

## B. Fair value of assets and liabilities

The fair value is the price that a.s.r. would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants on the transaction date or reporting date in the principal market for the asset or liability, or in the most advantageous market for the asset or liability and assuming the highest and best use for non-financial assets. Where possible, a.s.r. determines the fair value of assets and liabilities on the basis of quoted prices in an active market. In the absence of an active market for a financial instrument, the fair value is determined using valuation techniques. Although valuation techniques are based on observable market data where possible, results are affected by the assumptions used, such as discount rates and estimates of future cash flows. In the unlikely event that the fair value of a financial instrument cannot be measured, it is carried at cost.

**Fair value hierarchy**

The following three hierarchical levels are used to determine the fair value of financial instruments and non-financial instruments when accounting for assets and liabilities at fair value and disclosing the comparative fair value of assets and liabilities:

*Level 1. Fair value based on quoted prices in an active market*

Level 1 includes assets and liabilities whose value is determined by quoted (unadjusted) prices in the primary active market for identical assets or liabilities.

A financial instrument is quoted in an active market if:
- Quoted prices are readily and regularly available (from an exchange, dealer, broker, sector organisation, third party pricing service, or a regulatory body); and
- These prices represent actual and regularly occurring transactions on an arm's length basis.

Financial instruments in this category primarily consist of bonds and equities listed in active markets. Cash and cash equivalents and reverse repurchase agreements are also included as level 1.

*Level 2. Fair value based on observable market data*

Determining fair value on the basis of Level 2 involves the use of valuation techniques that use inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices of identical or similar assets and liabilities). These observable inputs are obtained from a broker or third party pricing service and include:
- Quoted prices in active markets for similar (not identical) assets or liabilities;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Input variables other than quoted prices observable for the asset or liability. These include interest rates and yield curves observable at commonly quoted intervals, volatility, loss ratio, credit risks and default percentages.

This category primarily includes:

I. Financial instruments: unlisted fixed-interest preference shares and interest rate contracts;
II. Financial instruments: loans and receivables (excluding mortgage loans and reverse repurchase agreements)[1];
III. Other financial assets and liabilities[1].

*I. Financial instruments: unlisted fixed-interest preference shares and interest rate contracts*

This category includes unlisted fixed-interest preference shares and interest rate contracts. The valuation techniques for financial instruments use present value calculations and in the case of derivatives, include forward pricing and swap models. The observable market data contains yield curves based on company ratings and characteristics of the unlisted fixed-interest preference shares.

*II. Financial instruments: Loans and receivables (excluding mortgage loans and reverse repurchase agreements)*

The fair value of the loans and receivables is based on the discounted cash flow method. It is obtained by calculating the present value based on expected future cash flows and assuming an interest rate curve used in the market that includes an additional spread based on the risk profile of the counterparty.

*III. Other financial assets and liabilities*

For other financial assets and liabilities where the fair value is disclosed these fair values are based on observable market inputs, primarily being the price paid to acquire the asset or received to assume the liability on initial recognition, assuming that the transactions have taken place on an arm's length basis. Valuation techniques using present value calculations are applied using current interest rates where the payment terms are longer than one year.

1 Not measured at fair value on the balance sheet and for which the fair value is disclosed.

*Level 3. Fair value not based on observable market data*
The fair value of the level 3 assets and liabilities are determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument and for which any significant inputs are not based on available observable market data. The financial assets and liabilities in this category are assessed individually.

Valuation techniques are used to the extent that observable inputs are not available. The basic principle of fair value measurement is still to determine a fair, arm's length price. Unobservable inputs therefore reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are generally based on the available observable data (adjusted for factors that contribute towards the value of the asset) and own source information.

This category primarily includes:
I. Financial instruments: private equity investments (or private equity partners) and equity funds third parties directly investing in real estate;
II. Financial instruments: loans and receivables – mortgage loans, and mortgage equity funds;
III. Investment property, real estate equity funds associates, rural property contracts, buildings for own use and plants (e.g. wind farms);
IV. Financial instruments: asset-backed securities.

*I. Financial instruments: private equity investments and real estate equity funds third parties*
The main non-observable market input for private equity investments and equity funds third parties directly investing in real estate is the net asset value of the investment as published by the private equity company (or partner) and real estate equity funds respectively.

*II. Financial instruments: loans and receivables – mortgage loans, and mortgage equity funds*
The fair value of the mortgage loan portfolio is based on the discounted cash flow method. It is obtained by calculating the present value based on expected future cash flows and assuming an interest rate curve used in the market that includes an additional spread based on the risk profile of the counterparty. The valuation method used to determine the fair value of the mortgage loan portfolio bases the spread on the interest rate curve for discounting the mortgage portfolio cash flows on consumer rates and includes assumptions for originating cost, proposal risk, and the options related to early redemption and moving.

The method of determining the fair value of the mortgage equity funds is similar to that of mortgage loans, however it excludes assumptions for originating cost and is determined within the funds structure.

*III. Investment property, real estate equity funds associates, rural property contracts, buildings for own use and plants*
The following categories of investment properties, buildings for own use and plants is recognised and methods of calculating fair value are distinguished:
- Residential – based on reference transaction and discounted cash flow method;
- Retail – based on reference transaction and income capitalisation method;
- Rural – based on reference transaction and discounted cash flow method;
- Offices – based on reference transaction and discounted cash flow method (including buildings for own use);
- Other investment property – based on reference transaction and discounted cash flow method;
- Property under development – based on both discounted cash flow and income capitalisation method;
- Plants - based on reference transaction and discounted cash flow method.

The following valuation methods are available for the calculation of fair value by the external professional appraisers for investment property, including real estate equity funds associates, rural property contracts, buildings for own use and plants:

**Reference transactions**
Independent professional appraisers use transactions in comparable properties and plants as a reference for determining the fair value of the property and plant. The reference transactions of comparable objects are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch government 'grondprijsmonitor' in an active property market and in some instances accompanied by own use information.

The external professional appraisers valuate the property or plant using the reference transaction in combination with the following valuation methods to ensure the appropriate valuation of the property:
- Discounted cash flow method;
- Income capitalisation method (property only).

### Discounted cash flow method
Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on the investment property or plant dependent on the duration of the lease contracts.

A market-derived discount rate is applied to these projected cash flow series in order to establish the present value of the cash flows associated with the asset. The exit yield is normally determined separately, and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour, which depends on the class of investment property. Periodic cash flow is typically estimated as gross rental income less vacancy (apart from the rural category), non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

For the categories residential, offices and other in applying the discounted cash flow method, the significant inputs are the discount rate and market rental value. These inputs are verified with the following market observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):
- Market rent per square meter for renewals and their respective re-letting rates;
- Reviewed rent per square meter;
- Investment transactions of comparable objects;
- 10 Year Dutch Government Bond Yield (%) as published by the DNB.

When applying the discounted cash flow method for rural valuations, the significant inputs are the discount rate and market lease values. These inputs are verified with the following market observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):
- Market value per acre per region in accordance with the 'rural land price monitor';
- 10 Year Dutch Government Bond Yield (%) as published by the DNB.

For plants, which were acquired in December 2021, the cost price is a good approximation of fair value. The discounted cash flow method will be used to establish the fair value for future periods.

### Income capitalisation method
Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return). The difference between gross and net rental income includes the same expense categories as those for the discounted cash flow method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, rents above or below the market rent are capitalised separately.

The significant inputs for retail valuations are the reversionary yield and the market or reviewed rental value. These inputs are generally verified with the following observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):
- Market rent per square meter for renewals;
- Reviewed rent per square meter (based on the rent reviews performed in accordance with Section 303, Book 7 of the Dutch Civil Code).

The fair value of investment properties and buildings for own use, are appraised annually. Valuations are conducted by independent professional appraisers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the property being valued. Market value property valuations were prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, 7th Edition (the 'Red Book'). a.s.r. provides adequate information to the professional appraisers, in order to conduct a comprehensive valuation. The professional appraisers are changed or rotated at least once every three years.

### IV. Financial instruments: asset-backed securities
The fair value of the asset-backed securities is based on quotes published by an independent data vendor.

### Transfers between levels
The hierarchical level per individual instrument, or group of instruments, is reassessed at every reporting period. If the instrument, or group of instruments, no longer complies with the criteria of the level in question, it is transferred to the hierarchical level that does meet the criteria. A transfer can for instance be when the market becomes less liquid or when quoted market prices for the instrument are no longer available.

## C. Intangible assets
Intangible assets are carried at cost, less any accumulated amortisation and impairment losses. The residual value and the estimated useful life of intangible assets are assessed on each balance sheet date and adjusted where applicable.

### Goodwill
Acquisitions by a.s.r. are accounted for using the acquisition method. Goodwill represents the excess of the cost of an acquisition over the fair value of a.s.r.'s share of the net identifiable assets and liabilities and contingent liabilities of the acquired company at acquisition date. If there is no excess (purchase gain), the carrying amount is directly recognised through the income statement. At the acquisition date, goodwill is allocated to the cash-generating units (CGUs) that are expected to benefit from the business combination.

Goodwill has an indefinite useful life and is not amortised. a.s.r. performs an impairment test annually, or more frequently if events or circumstances warrant so, to ascertain whether goodwill has been subject to impairment. As part of this, the carrying amount of the cash-generating unit to which the goodwill has been allocated is compared with its recoverable amount. The recoverable amount is the higher of a CGU's fair value less costs to sell and value in use. The carrying value is determined as the net asset value including goodwill. The methodologies applied to arrive at the best estimate of the recoverable amount involves two steps.

In the first step of the impairment test, the best estimate of the recoverable amount of the CGU to which goodwill is allocated is determined separately based on Price to Earnings or Price to EBITDA ratios (fair value less cost to sell model). The ratio(s) used per CGU depends on the characteristics of the entity in question. The main assumptions in this valuation are the multiples for the aforementioned ratios. These are developed internally but are either derived from or corroborated against market information that is related to observable transactions in the market for comparable businesses.

If the outcome of the first step indicates that the difference between the recoverable amount and the carrying value may not be sufficient to support the amount of goodwill allocated to the CGU, step two is performed. In step two an additional analysis is performed in order to determine a recoverable amount in a manner that better addresses the specific characteristics of the relevant CGU.

The additional analysis is based on internal value-in-use models, wherein managements assumptions in relation to cash flow projections for budget periods up to and including five years are used and, if deemed justified, expanded to a longer period given the nature of the insurance activities. Other assumptions, such as the (pre-tax) discount rate and the steady state growth rate, are determined on the advice of an independent external party and are based on a Capital Asset Pricing Model (CAPM). This methodology is based on a risk-free rate plus a risk premium. Operating assumptions are best estimate assumptions and based on historical data where available. Economic assumptions are based on observable market data and projections of future trends.

If the recoverable amount is lower than its carrying amount, the difference is directly charged to the income statement as an impairment loss.

In the event of impairment, a.s.r. first reduces the carrying amount of the goodwill allocated to the CGU. After that, the carrying amount of the other assets included in the unit is reduced pro rata to the carrying amount of all the assets in the unit.

### Value of Business Acquired
The Value of Business Acquired (VOBA) represents the difference between the fair value and the carrying amount of insurance portfolios that have been acquired, either directly from another insurer or through the acquisition of a subsidiary. VOBA is recognised as an intangible asset with a finite useful life and amortised over the term of the current insurance contracts at acquisition date, in conjunction with the corresponding obligations. With regard to VOBA, allowance is made for the outcome of the annual compulsory Liability Adequacy Test (LAT) for insurance contracts (see accounting policy J). Amortisation charges related to VOBA are included in net claims and benefits. The negative VOBA is amortised based on the weighted average term of the acquired insurance contracts at acquisition date. Negative VOBA, or an additional provision, is recognised and presented under the Liabilities arising from insurance contracts.

Should VOBA's carrying amount exceed the difference between the carrying amount of the liabilities arising from insurance contracts and the liabilities identified as part of the LAT and no other adjustment is made to the liabilities as a result of the LAT outcomes, VOBA is impaired to a level where the values are equal. This is charged to the income statement as an impairment loss.

## D. Investment property
Investment property is property held to earn rent or for capital appreciation or both. Property interests held under operating leases are classified and accounted for as investment property. In some cases, a.s.r. is the owner-occupier of investment properties. If owner-occupied properties cannot be sold separately, they are treated as investment property

only if a.s.r. holds an insignificant portion for use in the supply of services or for administrative purposes. Property held for own uses (owner-occupied) is recognised within property, plant and equipment.

Investment property is primarily recognised using the fair value model. After initial recognition, a.s.r. remeasures all of its investment property (see accounting policy B) whereby any gain or loss arising from a change in the fair value of the specific investment property is recognised in the income statement under fair value gains and losses.

Residential property is generally let for an indefinite period. Other investment property is let for defined periods under leases that cannot be terminated early. Some contracts contain renewal options. Rentals are accounted for as investment income in the period to which they relate.

If there is a change in the designation of property, it can lead to:
- Reclassification from property, plant and equipment to investment property: at the end of the period of owner-occupation or at inception of an operating lease with a third party; or
- Reclassification from investment property to property, plant and equipment: at the commencement of owner-occupation or at the start of developments initiated with a view to selling the property to a third party.

The following categories of investment property are recognised by a.s.r. based primarily on the techniques used in determining the fair value of the investment property:
- Retail;
- Residential;
- Rural;
- Offices;
- Other (consisting primarily of parking);
- Investment property under development.

Property under development for future use as investment property is recognised as investment property. The valuation of investment property takes (expected) vacancies into account.

Borrowing costs directly attributable to the acquisition or development of an asset are capitalised and are part of the cost of that asset. Borrowing costs are capitalised when the following conditions are met:
- Expenditures for the asset and borrowing costs are incurred; and
- Activities are undertaken that are necessary to prepare an asset for its intended use.

Borrowing costs are no longer capitalised when the asset is ready for use or sale. If the development of assets is interrupted for a longer period, capitalisation of borrowing costs is suspended. If the construction is completed in stages and each part of an asset can be used separately, the borrowing costs for each part that reaches completion are no longer capitalised.

## E. Investments

Based on the amended IFRS 4, effective as of 1 January 2018, a.s.r. meets the criteria of a predominant insurer as of 31 December 2015 as the percentage of the total carrying amount of its liabilities connected with insurance related activities to the total carrying amount of all its liabilities exceeded 90% at that date. The liabilities connected with insurance, that are not liabilities directly arising from contracts within the scope of IFRS 4, have a carrying amount of € 3.3 billion and primarily relate to the derivative liabilities and due to banks as included in the Non-life and Life segments and the subordinated liabilities.

As a result a.s.r. decided to apply the temporary exemption from applying IFRS 9 by deferral until IFRS 17 (new accounting standard for insurance contracts) is implemented. The implementation of amended IFRS 4 had no significant impact on the consolidated financial statements of a.s.r. The additional disclosure requirements are presented in the chapters on Risk management and Other notes.
When a.s.r. becomes party to a financial asset contract, the related assets are classified into one of the following categories:
- Financial assets at fair value through profit or loss;
- Loans and receivables (see accounting policy H); or
- Financial assets available for sale.

The classification of the financial assets is determined at initial recognition. The classification depends on the purpose for which the investments were acquired. For detailed information on the fair value of the financial assets please see accounting policy B.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include:
- Derivatives that do not qualify for hedge accounting (see accounting policy B and I);
- Financial assets, designated by a.s.r. as carried at fair value through profit or loss. This option is available whenever:

  - It eliminates or significantly reduces a measurement inconsistency that would otherwise arise from measuring assets or liabilities on different bases (accounting mismatch);
  - a.s.r. manages a group of financial instruments (assets, liabilities or both) on the basis of fair value in accordance with a documented risk management or investment strategy; or
  - The financial assets contain one or more embedded derivatives and a.s.r. does not separate the derivative from the host contract; and
- Associates for which a.s.r. uses the fair value option under IAS 28.

Financial assets at fair value through profit or loss are stated at fair value. At initial recognition, transaction costs are recognised in the income statement. Realised and unrealised gains and losses in the fair value are also recognised in the income statement.

**Financial assets available for sale**
Financial assets available for sale are financial assets that are not accounted for as financial assets at fair value through profit or loss, or as loans and receivables. On initial recognition, financial assets available for sale are measured at fair value (including transaction costs). They are subsequently measured at fair value, including any unrealised fair value changes in equity and impairments, taking into account any deferred tax liabilities. Financial assets available for sale include equities (ordinary and preference shares), bonds, other fixed-income securities, unit trusts, variable-income securities and interests in investment pools.

**Impairment of financial assets**
At the end of each reporting period, a.s.r. assesses whether there is any objective evidence that a financial asset or a group of financial assets may be impaired. Financial assets at fair value through profit or loss are not subject to impairment testing, because the fair value of these assets reflects any impairment losses.

In the case of equity investments available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment. a.s.r. considers as a significant or prolonged decline to have occurred if the fair value:
- Has fallen 25% or more below cost; or
- Has fallen below cost for an uninterrupted period of twelve months or longer.

Fixed-income financial assets available for sale are tested for impairment if objective evidence exists that the counterparty will default. Objective evidence includes: bankruptcy, financial reorganisation or delinquency in payments for more than 30 days. The assessment may also involve circumstances requiring a more detailed estimate, such as in the event of an equity deficit, recurring financial difficulties, downgrading of the credit rating or other creditors reverting to legal action. This assessment is made at each reporting date by the Level of Concern Committee, where the portfolio managers and analysts assign a level of concern from 'Nil' to 'Three' to each of the fixed-income assets. A level of concern 'Nil' means that there is no reason for concern, while a level of concern 'Three' indicates that the situation is critical and that an impairment is highly recommended. The final decision to recognise an impairment loss on a financial asset or to reverse a prior impairment loss is taken in the quarterly Impairment Committee, chaired by the director ASR Vermogensbeheer N.V.

Impairment losses are recognised directly in the income statement and represent the difference between amortised cost and the fair value at the balance sheet date, net of any previously recognised impairments.

If, at a later stage, the fair value of the financial assets available for sale should increase and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement. Impairment losses on equities available for sale are not reversed, and any increases in fair value are recorded in equity.

## F. Investments on behalf of policyholders
Investments made for the account and risk of policyholders mainly concern unit-linked insurance contracts and group contracts with segregated pools. These investments are carried at fair value. Any realised and unrealised value changes of the investments are recognised in the income statement as gains or losses on investments on behalf of policyholders. Where applicable the investments are consolidated in the financial statements and the breakdown is included in the related disclosure.

## G. Investments related to investment contracts
Investments related to investment contracts comprise investments made for the account and risk of policyholders. These investments are carried at fair value. Any realised and unrealised value changes of the investments are recognised in the income statement as gains or losses on investments related to investment contracts. Where applicable the investments are consolidated in the financial statements and the breakdown is included in the related disclosure.

## H. Loans and receivables
Loans and receivables are measured at fair value plus transaction costs on initial recognition. They are subsequently measured at amortised cost based on the effective interest rate method, less impairment losses if deemed necessary.

### Receivables from customers
Receivables from customers are primarily comprised of business loans and mortgage loans.

### Receivables from credit institutions
Receivables from credit institutions concern business loans, deposits and the savings portion of savings mortgages concluded by a.s.r.

### Trade and other receivables
Trade and other receivables are receivables arising from a.s.r.'s normal business operations.

### Impairment of loans and receivables
At each balance sheet date, a.s.r. assesses whether objective evidence of impairment exists of the loans and receivables.

An individually assessed asset is considered impaired if objective evidence exists that a.s.r. is unable to collect all the amounts due by the counterparty in accordance with the contractual terms and conditions. The amount of the impairment loss is equal to the difference between the asset's carrying amount and its recoverable amount. The recoverable amount equals the present value of estimated future cash flows, including amounts realised from guarantees and securities provided, discounted at the financial asset's original effective interest rate.

Loans and receivables that are not individually significant are grouped on the basis of similar credit risk characteristics.

Impairment based on the collective approach is determined by applying risk models for similar financial assets, taking account of historical information and regularly updated parameters for default.

Incurred but not reported (IBNR) losses are also taken into account. IBNR is estimated by reference to historical loss patterns. The current economic climate is reflected, and account is taken of potentially higher credit risk-based on an analysis of the economic situation.

Impairment losses are charged to the income statement. If, at a later stage, the impairment losses should decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in the impairment loss is recognised in the income statement.

## I. Derivatives
Derivatives are primarily used by a.s.r. for hedging interest rate and exchange rate risks, for hedging future transactions and the exposure to market risks. Derivatives are mandatorily measured at fair value through profit or loss. a.s.r. does not apply hedge accounting.

## J. Liabilities arising from insurance contracts
### General
This includes liabilities arising from insurance contracts issued by a.s.r. that transfer significant insurance risks, and in some cases also financial risk (FR), from the policyholder to a.s.r.

### Liabilities arising from Non-life insurance contracts
These liabilities comprise a provision for claims, a provision for current risks, and a provision for unearned premiums. The provision for claims is based on estimates of claims payable. Claims payable relate to unpaid claims and claims handling costs, as well as claims IBNR incurred but not reported.

The estimates are based on individual assessments of the reported claims, on past experiences and estimates of trends (expert judgement) in claims behaviour, (national) social factors and economic factors and relevant court decisions. In the process of determining the liabilities, allowance is made for amounts recoverable from third parties and expected subrogation reimbursements.

Loss obligations in respect of occupational disability are discounted. The recognised provisions are sufficient to cover the cost of claims and claims handling fees. a.s.r. discounts obligations for losses only for claims with determinable and fixed payment terms.

Additional provisions are generally recognised for realised gains or losses on financial assets allocated to insurance contracts if and to the extent that the current interest rate is lower than the interest rate that was used in the pricing principles at inception of the insurance contract.

The provision for current risks is based on the estimate of future claims taking into account future premiums.

The provision for unearned premiums is equal to gross unearned premium income less commissions paid. The provision is determined on a time proportional basis.

**Liabilities arising from life insurance contracts**

Future obligations in respect of policy benefits for life insurance contracts are calculated based on a net premium method (the present value of future obligations less the present value of future net premiums) using the same principles as for calculating the premium at inception of the insurance contract. A provision for future administrative expenses is recognised for contracts whose future premium payment period is shorter than the future maturity of the insurance policy, or for which no more premiums are paid. A provision is recognised for part of longevity risk associated with life insurance contracts (e.g. group life and annuity contracts), a.s.r. manages the longevity risk exposure in combination with the mortality risk exposure. No addition to the provision for longevity risk is recognised if the outcome of the LAT (see 'IFRS LAT Life' later in this chapter) indicates that the total amount of the provision is adequate.

Additional provisions are generally recognised for realised gains or losses on financial assets allocated to:
- Insurance contracts with participation features;
- Non-participating insurance contracts if and to the extent that the current interest rate is lower than the interest rate that was used in the pricing principles at inception of the insurance contract.

These financial assets include fixed-income financial assets available for sale, specific financial assets designated at fair value through profit or loss, and specific derivatives (i.e. swaptions, interest rate swaps and inflation rate swaps). The realised gains or losses are amortised based on the remaining maturity period of the disposed financial assets. The realised gains or losses and the amortisation thereof are included in net insurance claims and benefits.

Participating contracts include additional obligations relating to contractual dividends or profit sharing and are stated net of capitalised interest rate rebates. These interest rate rebates are amortised in accordance with actuarial principles to the extent that the expected surplus interest is realised.

**Reinsurance liabilities**

Reinsurance liabilities, with a.s.r. qualifying as the reinsurer and with significant insurance risk being transferred to a.s.r., are accounted for in the same way as regular directly written insurance contracts. They are included under liabilities arising from insurance contracts.

Obligations to insurers where a.s.r. qualifies as the reinsurer, and with no significant insurance risk being transferred to a.s.r., are recognised as debts to policyholders.

**Life insurance contracts with a discretionary participation features (DPF)**

Under DPF life insurance contracts, policyholders are assigned, in addition to their entitlement to a guaranteed element, an entitlement to potentially significant additional benefits whose amount or timing is contractually at the discretion of a.s.r. These additional benefits are based on the performance of a specified pool of investment contracts, specific investments held by a.s.r. or on the issuer's operational result.

Expected entitlements to discretionary benefits are recorded in equity. Once a decision has been taken for discretionary participation features, any related benefits are recognised as liabilities.

**Shadow accounting**

The Group's insurance accounting policies include the application of shadow accounting which is a specialised accounting treatment commonly utilised in insurance accounting and is permitted under IFRS.
The purpose of shadow accounting is to help reduce potential accounting mismatches which can occur when related assets and liabilities:
- Are measured on a different basis; or
- Have changes in their measurements recorded in different IFRS performance statements (Income Statement or OCI).

Under shadow accounting, adjustments are made to the insurance liability to reflect the unrealised gains or losses from the financial instruments backing these insurance liabilities. For non-participating contracts, adjustments are made to the insurance liability to reflect the unrealised gains from the financial instruments (including derivatives) backing these insurance liabilities. In addition, shadow accounting is applied to the unrealised fair value losses on derivatives held to the extent that they are allocated to the entity.

The shadow accounting policy is applied to certain types of insurance liabilities:
- Insurance contracts with participation features;
- Non-participating insurance contracts (including disability insurance contracts) if and to the extent that the IFRS LAT would be triggered. This would be the case when current interest rates are lower than the interest rates that were used in the pricing principles at inception of the insurance contract.

Shadow accounting allows a recognised but unrealised gain or loss on an asset to affect the measurement of its insurance liabilities in the same way that a realised gain or loss does.

Shadow accounting is applied to unrealised value changes in fixed-income financial assets available for sale, specific financial assets designated at fair value through profit or loss, and specific derivatives (i.e. swaptions and interest rate and inflation rate swaps) that are backing the liabilities arising from insurance contracts. The related adjustment to the insurance liability is recognised in OCI if, and only if, the unrealised gains or losses are recognised in other comprehensive income. Unrealised gains and losses on assets at fair value through profit or loss are recognised in the income statement with a corresponding adjustment for shadow accounting in the income statement under 'Net insurance claims and benefits'.

No shadow accounting is applied to:
- Impairments; and
- Revaluations of debt instrument that have been subject to impairment.

**IFRS Liability Adequacy Test Non-life**
The LAT is performed at each reporting date to assess the adequacy of insurance liabilities for Non-life. The insurance liabilities for the LAT are calculated in accordance with Solvency II, using the UFR rate prevailing at the reporting date.

Where the Property & Casualty (motor, fire and liability) and Health liabilities business is concerned, the LAT is performed using statistical analyses. Any identified losses are used as a basis for estimating future claims arising from an insurance contract from the portfolio on the balance sheet date. This is the best estimate. An appropriate risk margin is added. The risk margin is determined for each homogeneous risk group using the Cost of Capital (CoC) method that is also used for Life. With effect from 2016 the Non-life CoC rate of 6% is used for all Non-life business, including Disability. The total of best estimate and risk margin is compared to the technical provision recorded in the balance sheet.

The LAT for the disability portfolio is based on cash flow projections using realistic assumptions comparable to the LAT for the life portfolio (see below).

The total of best estimate and risk margin for Non-life segment as a whole, is compared to the technical provision recorded in the balance sheet. If there is a deficiency, the Non-life insurance liabilities are increased to adequate levels through a charge to the income statement.

**IFRS Liability Adequacy Test Life**
The LAT is performed at each reporting date to assess the adequacy of insurance liabilities. The insurance liabilities for the LAT are calculated in accordance with Solvency II, using the Ultimate Forward Rate (UFR) rate prevailing at the reporting date.

Liabilities are adequate if the technical provision recognised in a.s.r.'s balance sheet for the Life segment as a whole at least equals the best estimate of the life insurance liabilities including an appropriate risk margin. If there is a deficiency in the life insurance liabilities, those liabilities are increased to adequate levels through a charge to the income statement.

Also unrecognised gains and losses from relevant assets that are not carried at fair value in the balance sheet are taken into account to the extent these assets are allocated to cover the insurance liabilities. The various elements of the LAT are further discussed below.

**Best estimate**
The best estimate of an insurance contract is the net present value of the projected cash flows of benefits and expenses, less the net present value of premiums. These cash flows are estimated using realistic, 'best estimate', assumptions in relation to mortality, longevity, lapse rate, expense and inflation. The best estimate assumptions regarding mortality and longevity include recent trend assumptions for life expectancy in the Netherlands, as provided by the Dutch Koninklijk Actuarieel Genootschap (Actuarial Association). The best estimate includes the intrinsic value and the time value of options and guarantees (TVOG) and is calculated using stochastic techniques.

Where applicable, the participating features of the insurance contracts, such as profit sharing, are taken into account in the future cash flows. The cash flows are discounted using the Euro swap curve including a credit risk adjustment (CRA), with UFR and volatility adjustment (VA).

In unit-linked contracts, the best estimate equals the fund value of the contract less the net present value of future margins on mortality and expense. Where unit-linked contracts with a guaranteed minimum benefit on expiration are concerned, the best estimate is increased by a TVOG.

**Risk margin**

The risk margin is determined for each homogeneous risk group using the CoC method. For life a CoC rate of 6% (2020: 6%) is used. a.s.r. uses the latest standard Solvency II model, to quantify the risks. The risks that are incorporated in the risk margin are: insurances risks, counterparty default risk related to reinsurance and operational risk. A projection of expected future risks is made and all these risks are projected into the future. The total risk for every future year is determined based on correlations between the risks described in the Solvency II standard model. The projected total risk for every year is multiplied by a cost of capital charge and discounted at the balance sheet date.

**Options embedded in insurance contracts**

Options embedded in insurance contracts are not stated separately. They are treated in the same way as the host contract. These options are recognised in the adequacy test, taking into consideration both the intrinsic and the time value.

## K. Liabilities arising from insurance contracts on behalf of policyholders

Liabilities arising from insurance contracts for the account and risk of policyholders mainly concern unit-linked contracts. An investment unit is a share in an investment fund that a.s.r. acquires on behalf of the policyholders using net premiums paid by the policyholders. The gain upon maturity of the contract is equal to the current value of the investment units of the fund in question. The current value of an investment unit (unit value) reflects the fair value of the financial assets held by a.s.r.'s investment funds divided by the number of units.

The fair value of the financial liabilities is obtained by multiplying the number of units attributed to each contract holder at the end of the reporting period by the unit value on the same date. Allowance is also made for liabilities arising from technical insurance risks (death, occupational disability).

Some unit-linked contracts include guaranteed benefits at maturity. To cover these guarantees, an additional obligation is recognised in the balance sheet that depends on the current fund value and the level of the guarantee. Actuarial assumptions about future fund developments and mortality are taken into account in the determination this obligation.

Liabilities arising from insurance contracts on behalf of policyholders also include obligations in connection with savings pools and group pension contracts, with policyholders bearing the investment risk. These liabilities also include a provision for compensation of possible high cost of the unit linked insurance contracts, as agreed in 2008 with the consumer organisations. The additional compensation related to the unit linked insurance contracts for the past has been included in the insurance liability and is therefore included in the investment portfolio. In addition, there is still a provision for compensation for claimants and compassionate and supportive policy 'flankerend beleid'.

For the LAT relating to the liabilities arising from insurance contracts on behalf of policyholders see accounting policy J.

## L. Liabilities arising from investment contracts

Investment contracts comprise investment contracts on behalf of policyholders that bear no insurance risk and for which the actual return on investments allocated to the contract is passed on to the policyholder. Investment contract liabilities are recognised when the contract is entered into and is derecognised when the contact expires, is discharged, cancelled or substantially modified.

## M. Employee benefits (IAS 19)

**Pension obligations**

a.s.r. has with effect 2021, defined contribution (DC) plans for all its employees, including employees that are employed by entities that operate in the Distribution and Service segment. For these DC plans, a.s.r. pays contributions to privately administered pension insurance plans with ASR Levensverzekering N.V. (hereafter a.s.r. life) on a contractual basis. a.s.r. life recognises these contracts as insurance contracts. They are accounted for in accordance with liabilities arising from insurance contracts (accounting policy J).

a.s.r. has no further payment obligations to the employees once the contributions have been paid. The contributions are recognised as operating expenses in the income statement during the period the services are rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

In addition, a number of defined benefit (DB) plans for own employees exist, which ended at the end of 2020, and were left non-contributory. The defined benefit obligation continues to exist. The plans are schemes under which employees are awarded pension benefits upon retirement, usually dependent on one or more factors, such as years of service and compensation. The defined benefit obligation is calculated at each reporting date by independent actuaries.

The liability in respect of DB plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets where the pension plans are insured by third parties.

a.s.r. life administers most of the post-employment benefit plans and holds the investments that are intended to cover the employee benefit obligation. These investments do not qualify as plan assets in the consolidated financial statements under IFRS.

Pension obligations are calculated using the projected unit credit method. Inherent to this method is the application of actuarial assumptions for discount rates, future salary increases and bonuses, mortality rates and consumer price indices. The assumptions are updated and checked at each reporting date, based on available market data. The assumptions and reports were reviewed by Risk Management.

Actuarial assumptions may differ from actual results due to changes in market conditions, economic trends, mortality trends and other assumptions. Any change in these assumptions can have a significant impact on the defined benefit obligation and future pension costs.

Changes in the expected actuarial assumptions and differences with the actual actuarial outcomes are recognised in the actuarial gains and losses included in other comprehensive income (component of total equity).

When employee benefit plans are modified and when no further obligations exist, a gain or loss, resulting from the changes are recognised directly in the income statement. Consistent with the calculation of a gain or loss on a plan amendment, a.s.r. will use updated actuarial assumptions to determine the current service cost and net interest for the remainder of the annual reporting period upon the time of such amendment. The effect of the asset ceiling, if applicable, is disregarded when calculating the gain or loss on any settlement of the plan.

The financing cost related to employee benefits is recognised in interest expense. The current service costs are included in operating expenses.

**Other long-term employee benefits**
Plans that offer benefits for long-service (leave), but do not qualify as a post-employment benefit plan, such as jubilee benefits, are measured at present value using the projected unit credit method and changes are recognised directly in the income statement.

**Other post-retirements obligations**
a.s.r. offers post-employment benefit plans, such as arrangement for mortgage loans at a discount (fixed amount, reference date December 2017). The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology that is similar to that for DB plans.

**Vacation entitlements**
A liability is formed for the vacation days which have not been taken at year-end.

## N. Acquisitions (Business combinations)

Acquisitions are accounted for according to the acquisition method, with the cost of the acquisitions being allocated to the fair value of the acquired identifiable assets, liabilities and contingent liabilities. Goodwill, being the difference between the cost of the acquisition and a.s.r.'s interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities on the acquisition date, is capitalised as an intangible asset. Any gain as a result of a purchase is recognised directly in the statement of profit or loss. Any change, in the fair value of acquired assets and liabilities at the acquisition date, determined within one year after acquisition, is recognised as an adjustment charged to goodwill in case of a preliminary valuation. Adjustments that occur after a period of one year are recognised in the income statement. Adjustments to the purchase price that are contingent on future events, and to the extent that these are not already included in the purchase price, are included in the purchase price of the acquisition at the time the adjustment is likely and can be measured reliably.

Where applicable in the notes to the financial statements the acquisitions are recognised in the changes in the composition of the group.

## 6.3.5 Other accounting policies

### O. Basis for consolidation - subsidiaries

The consolidated financial statements include the financial statements of a.s.r. and its subsidiaries. Subsidiaries are those entities (which may include deemed separate entities, the so-called silos and investments on behalf of policyholders) over which a.s.r. has control. Control exists when a.s.r. is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. This is the case if more than half of the voting rights may be exercised or if a.s.r. has control in any other manner. Subsidiaries are fully consolidated from the date on which control is acquired by a.s.r. and are deconsolidated when control ceases to exist.

A subsidiary's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date and are subsequently accounted for in accordance with a.s.r.'s accounting policies, which are consistent with IFRS.

Non-controlling interests are initially stated at their proportionate share in the fair value of the net assets on the acquisition date and are subsequently adjusted for the non-controlling interest in changes in the subsidiary's equity.

**Intragroup transactions**

Intragroup balances and transactions between consolidated group companies are eliminated. Gains and losses on transactions between a.s.r. and associates and joint ventures are eliminated to the extent of a.s.r.'s interest in these entities.

### P. Product classification

Insurance contracts are defined as contracts under which a.s.r. accepts significant insurance risk from policyholders by agreeing to compensate policyholders if a specified uncertain future event adversely affects the policyholder. These contracts are considered insurance contracts throughout the remaining term to maturity, irrespective of when the insured event occurs. In addition, these contracts can also transfer FR.

a.s.r. offers non-life insurance contracts and life insurance contracts.

**Non-life insurance contracts**

Non-life insurance contracts are contracts that provide cover that is not related to the life or death of insured persons. These insurance contracts are classified into the following categories: Disability, Health, P&C (motor, fire and liability) and Other.

**Life insurance contracts**

Life insurance contracts (in cash) include savings-linked mortgages, annuities, term insurance policies, savings contracts and funeral insurance contracts. In addition to non-participating life insurance contracts, the insurance portfolio also includes:
- Individual and group participating contracts;
- Individual contracts with DPF (see accounting policy J);
- Group contracts with segregated pools with return on investment guarantees.

**Life insurance contracts on behalf of policyholders**

Claims from these life insurance contracts are directly linked to the underlying investments. The investment risk and return are borne fully for policyholders (see accounting policy K). Life insurance contracts for the account and risk of policyholders generally consist of contracts where premiums, after deduction of costs and risk premium, are invested in unit-linked funds. For some individual contracts, a.s.r. guarantees returns on unit-linked investment funds. In addition, group contracts with segregated pools are classified as life insurance contracts on behalf of policyholders.

### Q. Segment information

At organisational level, a.s.r.'s operations have been divided into five operating segments. The main segments are the Non-life and Life segment that include all insurance activities. The non-insurance activities are presented as three separate segments being the Asset Management, Distribution and Services and Holding and Other segment. There is a clear difference between the risk and return profiles of these five segments.

Intersegment transactions or transfers are conducted at arm's length conditions. For detailed information per segment, see chapter 6.4.

### R. Transaction date and settlement date

All purchases and sales of financial instruments, which have to be settled in accordance with standard market conventions, are recognised at the transaction date, which is the date on which a.s.r. becomes party to the contractual stipulations of the instrument. Any purchases and sales other than those requiring delivery within the time frame established by regulations or market conventions are accounted for as forward transactions until the time of settlement. For details on these transactions, see accounting policy I.

## S. Securities lending
a.s.r. participates in securities lending transactions, whereby collateral is received in the form of securities or cash. Cash received as collateral is recognised in the balance sheet and a corresponding liability is recognised as liabilities arising from securities lending in 'Due to banks'. Securities lent remain on the balance sheet. Securities received as collateral are not recognised in the balance sheet.

## T. Statement of cash flows
The statement of cash flows classifies cash flows by operating activities, investing activities and financing activities. Cash flows denominated in foreign currencies are converted at the exchange rates applicable on the transaction date.

Cash flows from operating activities are reported using the indirect method. Cash flows from operating activities include result before tax, adjustments for gains and losses that did not result in income and payments in the same financial year, adjustments for movements in provisions, and accrued and deferred items.

The statement of cash flows recognises interest received and paid, and dividends received within cash flows from operating activities. Cash flows from purchasing and selling investments and investment property are included in cash flows from operating activities on a net basis. Dividends paid are recognised within cash flows from financing activities.

## U. Property, plant and equipment
### Property held for own use and plants
Property held for own use and plants comprise of land and office buildings and plants like wind farms and are measured at fair value (revaluation model) based on annual valuations, conducted by external, independent valuators with adequate professional expertise and experience in the specific location and categories of properties or plants.

They are subsequently measured at fair value, including any unrealised fair value changes in equity, taking into account any deferred tax liabilities. For the method of determining the fair value reference is made to accounting policy B for investment property and plants.

Increase in the fair value exceeding the cost price is added to the revaluation reserve in shareholders' equity, less deferred taxes. Decreases in the fair value that offset previous increases of the same asset, are charged against the revaluation reserve. The revaluation reserve cannot be negative. All other decreases in fair value are accounted for in the income statement. Increases that reverse a revaluation decrease on the same asset previously recognised in net result are recognised in the income statement.

Buildings and wind farms are depreciated using the straight-line method based on expected useful life, taking into account their fair value amount, the residual value from the time when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The useful life of buildings is assessed annually for every individual component (component approach).

**Property and plants classified into components and their maximum life**

| Components | Useful life (expressed in years) |
|---|---|
| Land | n.a. |
| Shell | 50 |
| Outer layer | 30 |
| Wind turbines | 25 |
| Systems | 20 |
| Fittings and fixtures | 15 |

Repair and maintenance costs are charged to the income statement in the period in which they are incurred. Expenses incurred after the acquisition of an asset are capitalised if it is probable that the future economic benefits will flow to a.s.r. and the cost of the asset can be measured reliably.

Upon the sale of a property or plant, the part of the revaluation reserve related to the sold property or plant, within equity, is transferred to 'other reserves' and is not reclassified to the income statement. Therefore annually a transfer is also made from the revaluation reserve related to 'other reserves' in line with the depreciation recognised in the income statement for the revalued portion.

### Equipment
Equipment is recognised at cost, less accumulated depreciation and / or any accumulated impairment losses. Cost corresponds with the cash paid or the fair value of the consideration given to acquire the asset.

Equipment is depreciated over its useful life, which is determined individually (usually between three and five years). Repair and maintenance costs are charged to the income statement in the period in which they are incurred. Expenses incurred after the acquisition of an asset are capitalised if it is probable that the future economic benefits will flow to a.s.r. and the cost of the asset can be measured reliably.

Accounting for borrowing costs attributable to the construction of property, plant and equipment is the same as accounting for borrowing costs attributable to investment property. For details, see accounting policy D.

**Right-of-use assets**
Right-of-use assets are recognised for lease contracts for which a.s.r. is the lessee. For more information reference is made to accounting policy BB.

## V. Associates and joint ventures

**Associates**
Associates are entities over which a.s.r. has significant influence on operating and financial contracts, without having control. Generally, associates are accounted for using the equity method from the date at which a.s.r. acquires significant influence until the date at which such influence ceases. This means that associates are initially recognised at cost, including any goodwill paid. This value is subsequently adjusted to take account of a.s.r.'s share of the associate's comprehensive income. Comprehensive income is adjusted in accordance with the accounting principles used by a.s.r.

Losses are accounted for until the carrying amount of the investment has reached zero. Further provisions are recognised only to the extent that a.s.r. has incurred legal or constructive obligations concerning these associates.

If objective evidence of impairment exists, associates are tested for impairment and, if necessary, written down.

When the application of the equity method produces information that is not relevant to the investors, a.s.r. may use the exemption of IAS 28 to measure the investments in those associates at fair value through profit or loss in accordance with IAS 39. a.s.r. applies fair value measurement for investments in real estate equity funds and mortgage equity funds, over which a.s.r. has significant influence.

**Joint ventures**
Joint ventures are contractual arrangements whereby a.s.r. and one or more parties undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

These interests are accounted for using the equity method as applied to associates. The interests are recognised in the financial statements from the date on which a.s.r. first obtains joint control until the date that this joint control ceases.

If objective evidence of impairment exists, joint ventures are tested for impairment and, if necessary an impairment is recognised in the income statement.

**Joint operations**
a.s.r. has a limited number of non-material joint operations. These are recognised in relation to a.s.r.'s interest in the joint operation's individual balance sheet and income statement items.

## W. Reinsurance contracts

Contracts that transfer a significant insurance risk from a.s.r. to third parties are accounted for as reinsurance contracts, and are classified as outgoing reinsurance.

The amounts that can be collected from reinsurers are estimated using a method that is in line with the reinsurance contract and the method for determining liabilities arising from reinsurance contracts.

Assets arising from reinsurance contracts are recognised under reinsurance contracts, except for current receivables from reinsurers, which are included under loans and receivables.

At each reporting date, a.s.r. assesses whether objective evidence of impairment exists. If a reinsurance asset is impaired, its carrying amount is reduced to its recoverable amount.

## X. Other assets

Other assets include accrued investment and interest income, property developments, tax assets and accrued assets.

Property developments consist of property under development commissioned by third parties. Development property is measured at cost including any incremental costs (if a.s.r. expects to recover those costs), directly related costs to the contract (i.e. labour, materials, allocation of directly related costs, payments to subcontractors) and construction period interest, less any invoiced instalments and impairments.

Revenue on property development is primarily accounted for at the moment the property is sold. This is a performance obligation satisfied at a point in time. The point in time is the moment a customer obtains control of the promised asset.

Property developments which are sold can have guarantees (such as rent guarantees or construction guarantees), which may give rise to a separate performance obligation.

## Y. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash collateral and other short-term highly liquid investments that are not subject to a significant risk of changes in value. Cash and cash equivalents are measured at fair value through profit or loss.

## Z. Equity

### Share capital and share premium reserve

The share capital disclosed in the balance sheet consists of issued and fully paid-up ordinary shares. The share premium reserve comprises additional paid-in capital in excess of the par value of the shares.

### Reserve for unrealised gains and losses

This reserve consists of:
- Unrealised gains and losses from assets available for sale net of tax and taking account of adjustments due to shadow accounting (see accounting policy J);
- The share of unrealised gains and losses of associates and joint ventures held by a.s.r. (see accounting policy V);
- Unrealised change in value of property for own use (see accounting policy U);
- Reserve for discretionary participation features (see accounting policy J);
- Reserve for exchange rate differences arising from assets available for sale.

### Actuarial gains and losses

Actuarial gains and losses result from the post-employment benefit pension plans (see accounting policy M).

### Retained earnings

Retained earnings also include other reserves.

### Other equity instruments

This item represents the par value of the other equity instruments. Costs directly attributable to the equity issue and the tax impact thereof are recognised in retained earnings.

### Treasury shares

Treasury shares are a.s.r.'s own ordinary shares that have been issued and subsequently reacquired by a.s.r. Treasury shares are deducted from equity, regardless of the objective of the transaction. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the instruments. If sold, the difference between the carrying amount and the proceeds is reflected in retained earnings. The consideration paid or received is recognised directly in shareholders' equity. All treasury shares are eliminated in the calculation of earnings per share and dividend per ordinary share.

Treasury shares are either required as part of the share buy-back programme, or acquired and resold as part of the employee share purchase plan, see chapter 6.7.6.

### Non-controlling interest

The non-controlling interest relates to the equity in a consolidated subsidiary not attributable, directly or indirectly, to a.s.r. (see accounting policy O).

### Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and recognised in equity when they are approved by a.s.r.'s shareholders. Interim dividends are recognised in equity when they are paid.

Dividends for the year that are approved after the reporting date are treated as an event after the reporting date.

### Discretionary interest on other equity instruments

Discretionary interest on other equity instruments is recognised in equity upon payment. The related income tax on these equity instruments is recognised in the income statement.

## AA. Financing

Financing includes borrowings, due to customers, due to banks, subordinated liabilities and other financial liabilities.
On initial recognition, debt instruments and other loans are stated at fair value, net of transaction costs incurred. Subsequent valuation is at amortised cost. Any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Lease liabilities are included under borrowings and measured in accordance with accounting policy BB.

## BB. Leasing

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. For contracts that contain a lease component and one or more additional lease or non-lease components a.s.r. applies the practical expedient not to separate non-lease components from lease components.

At the commencement date of the lease, a.s.r. recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the lease liability at initial measurement. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. For vehicles, the lease payments are discounted using the interest rate implicit in the lease. For other leases a.s.r.'s incremental borrowing rate is used.

Subsequently, the right-of-use asset is valued at cost less any cumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The lease liability is increased with interest accrued and reduced for lease payments made. When applicable the lease liability is remeasured for changes in future payments resulting from a change in index or lease term.

The right-of-use assets are presented under property, plant and equipment. The lease liabilities are presented under borrowings.

## CC. Insurance premiums

### Non-life insurance premiums

Non-life insurance premiums are accounted for in the period in which they are earned. As indicated in accounting policy J, invoiced but not yet earned premiums are included under liabilities arising from insurance contracts.

### Life insurance premiums

Life insurance premiums relating to life insurance contracts are recognised as income when received from policyholders. Liabilities arising from insurance contracts are recognised based on estimated future benefits and expenses, and charged to the income statement. These expenses are recorded within 'insurance claims and benefits'. Therefore, in accordance with the matching principle, the profits are realised over the estimated term of the contracts.

## DD. Investment income

Investment income primarily comprises interest income, dividends on equities and rentals from investment property.

### Interest income

Interest income for all interest-bearing instruments is recognised using the effective interest method, including all transaction costs incurred and share premium / discount. When a receivable is impaired, its carrying amount is reduced to the recoverable amount, i.e. estimated future cash flows discounted at the original effective interest rate of the instrument.

### Dividends

Dividend income is recognised in the income statement when a right to receive payment is established.

### Rental income

Rental income from investment property is allocated to the period to which they relate.

## EE. Realised gains and losses

Realised gains and losses include proceeds from the disposal of financial assets available for sale, associates and joint ventures and loans and receivables.

With respect to financial assets available for sale, realised gains or losses comprise:
- The proceeds from the sale or disposal of an asset or liability less the amortised cost of the asset or liability sold;
- Impairments previously recognised (except for equity instruments).

Any unrealised gains and losses previously recorded in equity (the difference between the carrying amount and amortised cost) are recognised in the income statement.

## FF. Fair value gains and losses

Fair value gains and losses include realised and unrealised changes in the value of financial assets at fair value through profit or loss, derivatives and investment property held at fair value. With respect to derivatives, this is based on the fair value excluding accrued interest (clean fair value).

## GG. Result on investments on behalf of policyholders

Investments on behalf of policyholders are measured at fair value through profit or loss. Any changes in value are recognised in result on investments on behalf of policyholders. This also includes interest income and dividends received on investments on behalf of policyholders.

## HH. Result on investments related to investment contracts

Investments related to investment contracts are measured at fair value through profit or loss. Any changes in value are recognised in result on investments related to investment contracts. This also includes interest income and dividends received.

## II. Fee and commission income

Determining the revenue to be recognised from fee and commission income relating to contracts with customers is based on a 5-step model:
Step 1 – Identifying the contract
Step 2 – Identify the performance obligation
Step 3 – Determining the transaction price
Step 4 – Allocating the transaction price to performance obligations
Step 5 – Recognising revenue when the performance obligation is satisfied.

A contract with a customer generally explicitly states the goods or services that a.s.r. promises to transfer to a customer. The transaction price is the amount of consideration to which a.s.r. expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. a.s.r. allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which a.s.r. expects to be entitled in exchange for transferring the promised goods or services to the customer.

a.s.r. satisfies its performance obligation by transferring control of a good or service over time and as a result recognises revenue over time. a.s.r. determined that the output method is the best method in measuring progress of the related services because the selected measure reflects best the services for which control has transferred to the customer. a.s.r. recognises revenue on the basis of the time elapsed relative to the total term of performing the service.

Fee and commission income relates mainly to asset management, distribution and services, investment contracts and reinsurance fees. These items are recognised as income in the period in which the services are performed. The asset management fees are periodically charged to the fund (or individual) customer for which the services were performed. The reinsurance and distribution and services fees are invoiced regularly with normal commercial payment terms.

## JJ. Insurance claims and benefits

This item includes changes in liabilities arising from insurance contracts (see accounting policy J) and the related benefits. Expenses associated with contracts on behalf of policyholders relate to changes in liabilities arising from insurance contracts on behalf of policyholders, including the benefits charged to the liabilities.

## KK. Operating expenses

This item relates to expenses associated with a.s.r.'s operations that are directly attributable to the reporting period, such as marketing costs, ICT expenses, consulting fees, business accommodation expenses, cost of temporary employees, and depreciation charges.

Personnel expenses are mainly comprised of salaries, social security contributions and pension costs.

## LL. Commission expenses

This mainly relates to commissions paid. Commission paid to acquire insurance contracts are charged to the income statement, generally within one year.

## MM. Impairments

An asset is impaired when its carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement as soon as they are identified. For details, see the relevant items of chapter 6.3.4 as mentioned earlier.

## NN. Income tax expense

Income tax is based on result before tax, after any adjustments for previous periods and changes in deferred tax assets and liabilities using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Income tax is recognised in the period in which the income was earned.

Deferred taxes in respect of revalued assets and liabilities, whose value adjustments were directly credited or charged to equity, are taken to equity and, upon realisation, included in the income statement together with the value adjustments.

## OO. Solvency II

In accordance with the Solvency II regulations (2009/138/EG art. 75 - 86), Solvency II figures are based on fair value.

Fair value measurement is based on the same fair value hierarchy described in the IFRS accounting policies (see accounting policy B).

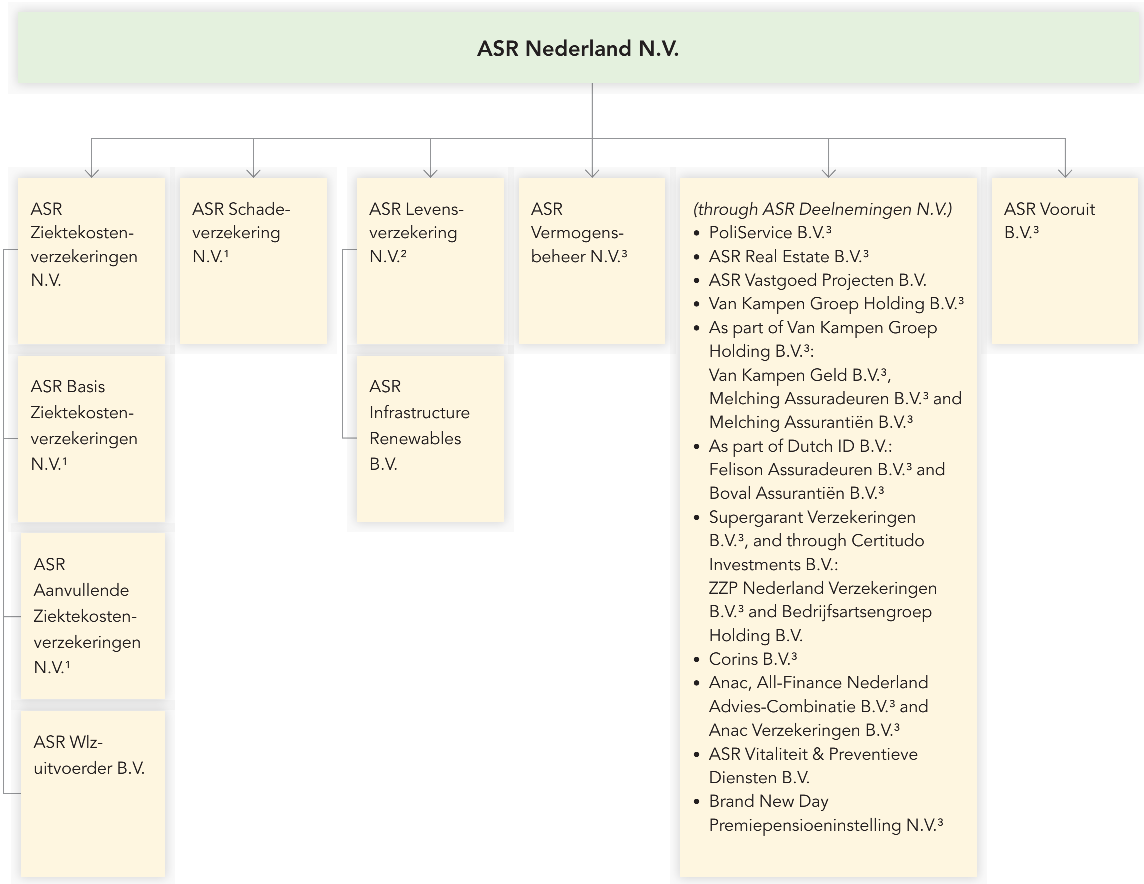
Most important adjustments in the balance sheet, compared to IFRS, are the valuation of the (savings-linked) mortgage loans-portfolio and the liabilities arising from insurance contracts (including the risk margin). Basis of Solvency II Eligible own funds (EOF) is the excess of assets over liabilities, adjusted with some specific EOF-items (subordinated liabilities which classify as EOF under Solvency II and foreseeable dividend). The Solvency Capital Requirement (SCR) of a.s.r. is based on the standard model, including the calculation of the Loss Absorbing Capacity of Deferred Tax (LAC DT). The LAC DT methodology is reviewed and properly documented. Usage of the models is agreed upon with DNB.

The Solvency II ratio externally reported by a.s.r. is excluding financial institutions.

# 6.4 **Group structure** and segment information

## 6.4.1 **Group structure**

The a.s.r. group comprises a number of operating and holding companies. On 1 April 2021, a.s.r. completed the acquisition of Brand New Day Premiepensioeninstelling N.V. (Brand New Day IORP) by acquiring all issued and outstanding shares for a total consideration of € 70 million. a.s.r. already had 50% interest in Brand New Day IORP and with this acquisition becomes the full owner of the institution for occupational retirement provision.




1 Registered non-life insurance companies.
2 Registered life insurance companies.
3 Other Wft registered companies.

### Segment information

The operations of a.s.r. have been divided into five operating segments. The main segments are the Non-life and Life segment in which all insurance activities are presented. The other activities are presented as three separate segments being Asset Management, Distribution and Services and Holding and Other.

Following the recent acquisition, Brand New Day IORP is included in the Life segment.

In 2021, a.s.r. established ASR Infrastructure Renewables B.V. This entity comprises of sustainable energy production plants like the acquired wind farm Wieringermeer (see chapter 6.4.5).

## Insurance activities

Insurance entities are entities that accept the transfer of insurance risks from policyholders. The Non-life segment consists of non-life insurance entities and their subsidiaries. These non-life insurance entities offer Non-life insurance contracts such as disability insurance and property and casualty insurance. The Life segment comprises the life insurance entity and its subsidiaries. This life insurance entity offers financial products such as life insurance contracts and life insurance contracts on behalf of policyholders. The Life segment also includes Brand New Day IORP, which offers investment contracts to policyholders that bear no insurance risk and for which the actual return on investments allocated to the contract is passed on to the policyholder. The Non-life and Life segments have different levels of profitability and growth opportunities, as well as a different outlook and risk profile. See chapter 6.7.9 for a list of principal group companies and associates in the relevant segments.

## Other activities

The other activities consist of:
- The Asset Management segment involves all activities related to asset management including investment property management. These activities include amongst others ASR Vermogensbeheer N.V., ASR Financieringen B.V., ASR Real Estate B.V. and ASR Hypotheken B.V.;
- The Distribution and Services segment includes the activities related to distribution of insurance contracts and include amongst others the financial intermediary business of PoliService B.V., Van Kampen Groep Holding B.V. (and its subsidiaries), Van Kampen Geld B.V., Dutch ID B.V., SuperGarant Verzekeringen B.V. (and ZZP Nederland Verzekeringen B.V., and as of October 2020 Bedrijfsartsengroep B.V.), Corins B.V., Anac, All-Finance Nederland Advies-Combinatie B.V., Anac Verzekeringen B.V. and ASR Vitaliteit & Preventieve Diensten B.V (Vitality); and
- The segment Holding and Other consists primarily of the holding activities of a.s.r. (including the group related activities), other holding and intermediate holding companies, the real estate development business (ASR Vastgoed Projecten B.V.), ASR Vooruit B.V., the investment firm that performs activities related to private investing for customers, and the activities of ASR Deelnemingen N.V.

The eliminations applied in the reconciliation of the segment information to the consolidated balance sheet and the consolidated income statement are separately presented in chapter 6.4.2 and 6.4.3.

The a.s.r. segment reporting shows the financial performance of each segment. The purpose is to allocate all items in the balance sheet and income statement to the segments that hold full management responsibility for them.

Segment information has been prepared in accordance with the accounting principles used for the preparation of a.s.r.'s consolidated financial statements (see chapter 6.3). Goodwill and other intangibles are presented in the related CGU's segment. Intersegment transactions are conducted at arm's length conditions. In general, cost related to centralised services are allocated to the segments based on the utilisation of these services.

The segments are assessed on their operating result as defined in chapter 6.10.

## 6.4.2 Segmented balance sheet

**Segmented balance sheet**

| As at 31 December 2021 | Non-life | Life | Asset Management | Distribution and Services | Holding and Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| Intangible assets | 96 | 125 | 35 | 172 | - | - | 428 |
| Property, plant and equipment | - | 512 | - | 12 | 249 | -216 | 556 |
| Investment property | 285 | 1,768 | - | - | - | - | 2,052 |
| Associates and joint ventures at equity method | - | 23 | - | 9 | 69 | - | 102 |
| Investments | 7,578 | 25,398 | - | - | 3,881 | -3,308 | 33,550 |
| Investments on behalf of policyholders | - | 11,574 | - | - | - | - | 11,574 |
| Investments related to investment contracts | - | 1,952 | - | - | - | - | 1,952 |
| Loans and receivables | 1,557 | 13,842 | 18 | 45 | 134 | -336 | 15,259 |
| Derivatives | 124 | 6,088 | - | - | - | - | 6,212 |
| Deferred tax assets | - | 22 | - | - | 58 | -80 | - |
| Reinsurance contracts | 263 | 154 | - | - | - | - | 417 |
| Other assets | 137 | 412 | 24 | -5 | 65 | -2 | 631 |
| Cash and cash equivalents | 109 | 2,005 | 83 | 48 | 62 | - | 2,306 |
| **Total assets** | **10,150** | **63,874** | **160** | **280** | **4,517** | **-3,942** | **75,040** |
| | | | | | | | |
| Equity attributable to holders of equity instruments | 2,420 | 5,876 | 141 | 164 | -1,122 | -112 | 7,366 |
| Non-controlling interests | 3 | 15 | - | - | - | - | 18 |
| **Total equity** | **2,423** | **5,891** | **141** | **164** | **-1,121** | **-112** | **7,385** |
| | | | | | | | |
| Subordinated liabilities | 45 | - | - | - | 992 | -45 | 992 |
| Liabilities arising from insurance contracts | 7,051 | 33,621 | - | - | - | -2,874 | 37,797 |
| Liabilities arising from insurance contracts on behalf of policyholders | - | 14,566 | - | - | - | - | 14,566 |
| Liabilities arising from investment contracts | - | 1,952 | - | - | - | - | 1,952 |
| Employee benefits | - | - | - | - | 4,013 | - | 4,013 |
| Provisions | 1 | 14 | - | - | 9 | - | 24 |
| Borrowings | - | 175 | - | 47 | 433 | -463 | 192 |
| Derivatives | 64 | 695 | - | - | 1 | - | 759 |
| Deferred tax liabilities | 174 | - | 5 | 9 | - | -119 | 69 |
| Due to customers | 99 | 746 | - | 24 | - | -296 | 573 |
| Due to banks | 88 | 5,549 | - | - | 105 | - | 5,741 |
| Other liabilities | 206 | 666 | 14 | 36 | 86 | -32 | 976 |
| **Total liabilities** | **7,727** | **57,983** | **19** | **116** | **5,639** | **-3,830** | **67,655** |
| | | | | | | | |
| **Total equity and liabilities** | **10,150** | **63,874** | **160** | **280** | **4,517** | **-3,942** | **75,040** |
| | | | | | | | |
| **Additions to** | | | | | | | |
| Intangible assets | - | 71 | 28 | 23 | - | - | 122 |
| Property, plant and equipment | - | 370 | - | 3 | 14 | - | 387 |
| **Total additions** | **-** | **440** | **28** | **27** | **14** | **-** | **508** |

## Segmented balance sheet

| As at 31 December 2020 | Non-life | Life | Asset Management | Distribution and Services | Holding and Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| Intangible assets | 115 | 65 | 8 | 158 | - | - | 345 |
| Property, plant and equipment | - | 156 | - | 11 | 287 | -256 | 198 |
| Investment property | 274 | 1,699 | - | - | - | - | 1,973 |
| Associates and joint ventures at equity method | - | 23 | - | 3 | 74 | - | 101 |
| Investments | 7,488 | 28,713 | - | - | 3,711 | -3,314 | 36,599 |
| Investments on behalf of policyholders | - | 10,154 | - | - | - | - | 10,154 |
| Investments related to investment contracts | - | - | - | - | - | - | - |
| Loans and receivables | 1,034 | 13,510 | 19 | 33 | 104 | -330 | 14,370 |
| Derivatives | 221 | 8,947 | - | - | - | - | 9,168 |
| Deferred tax assets | - | 131 | - | - | 132 | -86 | 177 |
| Reinsurance contracts | 325 | 158 | - | - | - | - | 483 |
| Other assets | 145 | 514 | 15 | -1 | 47 | -1 | 720 |
| Cash and cash equivalents | 140 | 2,392 | 78 | 50 | 186 | - | 2,846 |
| Assets held for sale | - | - | 18 | - | - | - | 18 |
| **Total assets** | **9,742** | **66,463** | **137** | **255** | **4,541** | **-3,987** | **77,151** |
| | | | | | | | |
| Equity attributable to holders of equity instruments | 2,170 | 5,379 | 116 | 170 | -1,396 | -125 | 6,313 |
| Non-controlling interests | - | - | - | - | - | - | - |
| **Total equity** | **2,170** | **5,379** | **116** | **170** | **-1,396** | **-125** | **6,313** |
| | | | | | | | |
| Subordinated liabilities | 36 | - | - | - | 991 | -36 | 991 |
| Liabilities arising from insurance contracts | 6,845 | 37,505 | - | - | - | -2,890 | 41,460 |
| Liabilities arising from insurance contracts on behalf of policyholders | - | 13,137 | - | - | - | - | 13,137 |
| Liabilities arising from investment contracts | - | - | - | - | - | - | - |
| Employee benefits | - | - | - | - | 4,253 | - | 4,253 |
| Provisions | 1 | 3 | - | - | 19 | - | 24 |
| Borrowings | - | 29 | 5 | 21 | 521 | -522 | 54 |
| Derivatives | 66 | 1,354 | - | - | - | - | 1,419 |
| Deferred tax liabilities | 113 | - | 4 | 7 | - | -123 | - |
| Due to customers | 89 | 711 | - | 25 | - | -272 | 553 |
| Due to banks | 168 | 7,723 | - | - | 105 | - | 7,996 |
| Other liabilities | 255 | 623 | 12 | 32 | 48 | -19 | 951 |
| **Total liabilities** | **7,572** | **61,085** | **21** | **85** | **5,937** | **-3,862** | **70,838** |
| | | | | | | | |
| **Total equity and liabilities** | **9,742** | **66,463** | **137** | **255** | **4,541** | **-3,987** | **77,151** |
| | | | | | | | |
| **Additions to** | | | | | | | |
| Intangible assets | 10 | 9 | - | 8 | - | - | 26 |
| Property, plant and equipment | - | - | - | 2 | 13 | - | 15 |
| **Total additions** | **10** | **9** | **-** | **10** | **13** | **-** | **41** |

## 6.4.3 **Segmented income statement and operating result**

**Segmented income statement and operating result**

| 2021 | Non-life | Life | Asset Management | Distribution and Services | Holding and Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **Continuing operations** | | | | | | | |
| | | | | | | | |
| Gross written premiums | 4,124 | 1,893 | - | - | - | -157 | 5,859 |
| Change in provision for unearned premiums | 16 | - | - | - | - | - | 16 |
| **Gross insurance premiums** | **4,140** | **1,893** | **-** | **-** | **-** | **-157** | **5,875** |
| Reinsurance premiums | -98 | -1 | - | - | - | - | -99 |
| **Net insurance premiums** | **4,042** | **1,892** | **-** | **-** | **-** | **-157** | **5,777** |
| | | | | | | | |
| Investment income | 142 | 1,422 | - | - | 10 | -4 | 1,571 |
| Realised gains and losses | 45 | 422 | - | - | 34 | -11 | 490 |
| Fair value gains and losses | 16 | 94 | - | - | -2 | 2 | 110 |
| Result on investments on behalf of policyholders | - | 1,636 | - | - | - | - | 1,636 |
| Result on investments related to investment contracts | - | 185 | - | - | - | - | 185 |
| Fee and commission income | 23 | 12 | 161 | 117 | - | -110 | 204 |
| Other income | 1 | 23 | - | 2 | 32 | -2 | 56 |
| Share of result of associates and joint ventures | - | 1 | - | 1 | 7 | - | 9 |
| **Total income** | **4,269** | **5,688** | **161** | **119** | **81** | **-283** | **10,036** |
| | | | | | | | |
| Insurance claims and benefits | -3,079 | -3,986 | - | - | - | 219 | -6,846 |
| Insurance claims and benefits recovered from reinsurers | 23 | 7 | - | - | - | - | 29 |
| **Net insurance claims and benefits** | **-3,056** | **-3,980** | **-** | **-** | **-** | **219** | **-6,817** |
| | | | | | | | |
| Changes in liabilities arising from investment contracts | - | -185 | - | - | - | - | -185 |
| Operating expenses | -269 | -173 | -102 | -94 | -137 | 51 | -725 |
| Restructuring provision expenses | -3 | -1 | - | - | - | - | -4 |
| Commission expenses | -564 | -19 | - | - | - | 57 | -526 |
| Impairments | -1 | -13 | - | -9 | - | - | -22 |
| Interest expense | -15 | -293 | -1 | -1 | -9 | -43 | -362 |
| Other expenses | -4 | -43 | -23 | -6 | -126 | 16 | -186 |
| **Total expenses** | **-856** | **-727** | **-125** | **-110** | **-272** | **80** | **-2,010** |
| | | | | | | | |
| **Result before tax from continuing operations** | **357** | **981** | **36** | **10** | **-191** | **16** | **1,209** |
| | | | | | | | |
| Income tax (expense) / gain | -88 | -230 | -9 | -5 | 65 | -3 | -270 |
| **Result after tax from continuing operations** | **269** | **751** | **27** | **5** | **-126** | **13** | **939** |
| | | | | | | | |
| **Discontinued operations** | | | | | | | |
| Result after tax from discontinued operations | - | - | - | - | - | - | - |
| | | | | | | | |
| **Net result** | **269** | **751** | **27** | **5** | **-126** | **13** | **939** |
| | | | | | | | |
| **Attributable to:** | | | | | | | |
| Non-controlling interests | - | 1 | - | - | -4 | - | -3 |
| | | | | | | | |
| - Shareholders of the parent | 269 | 750 | 27 | 5 | -170 | 13 | 894 |
| - Holders of other equity instruments | - | - | - | - | 48 | - | 48 |
| **Result attributable to holders of equity instruments** | **269** | **750** | **27** | **5** | **-122** | **13** | **942** |

## Operating result

| 2021 | Non-life | Life | Asset Management | Distribution and Services | Holding and Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **Result before tax** | **357** | **981** | **36** | **10** | **-191** | **16** | **1,209** |
| minus: investment related | 54 | 208 | - | - | 32 | -3 | 291 |
| minus: incidentals | -22 | 11 | - | -18 | -93 | 18 | -104 |
| **Operating result** | **325** | **763** | **36** | **28** | **-131** | **1** | **1,021** |

In 2021, incidentals are mainly related to results of the employee benefit pension scheme, amortisations of VOBA on the acquisitions of Loyalis and Veherex (see chapter 6.5.1), project costs for the implementation of IFRS 17 and IFRS 9 and start-up costs for innovations.

For more information see chapter 6.10.

## Impairments

| 2021 | | Non-life | Life | Asset Management | Distribution and Services | Holding and Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| Intangible assets | Impairment | - | - | - | -9 | - | - | -9 |
| | Reversal | - | - | - | - | - | - | - |
| Investments | Impairment | -3 | -12 | - | - | - | - | -16 |
| | Reversal | 3 | - | - | - | - | - | 3 |
| Loans and receivables | Impairment | -28 | -2 | - | - | - | - | -31 |
| | Reversal | 28 | 2 | - | - | - | - | 30 |
| **Total impairments** | **Impairment** | **-31** | **-15** | **-** | **-9** | **-** | **-** | **-55** |
| | **Reversal** | **31** | **2** | **-** | **-** | **-** | **-** | **33** |
| | | | | | | | | |
| | **Total** | **-1** | **-13** | **-** | **-9** | **-** | **-** | **-22** |

## Segmented income statement and operating result

| 2020 | Non-life | Life | Asset Management | Distribution and Services | Holding and Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **Continuing operations** | | | | | | | |
| | | | | | | | |
| Gross written premiums | 3,643 | 1,810 | - | - | - | -177 | 5,276 |
| Change in provision for unearned premiums | 24 | - | - | - | - | - | 24 |
| **Gross insurance premiums** | **3,667** | **1,810** | **-** | **-** | **-** | **-177** | **5,300** |
| Reinsurance premiums | -99 | -1 | - | - | - | - | -100 |
| **Net insurance premiums** | **3,568** | **1,810** | **-** | **-** | **-** | **-177** | **5,200** |
| | | | | | | | |
| Investment income | 138 | 1,348 | - | 1 | 8 | -7 | 1,488 |
| Realised gains and losses | 64 | 333 | - | - | - | - | 396 |
| Fair value gains and losses | 15 | -64 | - | - | -2 | 2 | -49 |
| Result on investments on behalf of policyholders | - | 474 | - | - | - | - | 474 |
| Result on investments related to investment contracts | - | - | - | - | - | - | - |
| Fee and commission income | 24 | -1 | 145 | 71 | - | -91 | 149 |
| Other income | 8 | 14 | - | 27 | 32 | - | 81 |
| Share of result of associates and joint ventures | - | -1 | - | 1 | 4 | - | 4 |
| **Total income** | **3,816** | **3,913** | **145** | **99** | **42** | **-273** | **7,743** |
| | | | | | | | |
| Insurance claims and benefits | -2,738 | -2,562 | - | - | - | 219 | -5,082 |
| Insurance claims and benefits recovered from reinsurers | 28 | 3 | - | - | - | - | 30 |
| **Net insurance claims and benefits** | **-2,710** | **-2,560** | **-** | **-** | **-** | **219** | **-5,051** |
| | | | | | | | |
| Changes in liabilities arising from investment contracts | - | - | - | - | - | - | - |
| Operating expenses | -257 | -171 | -94 | -72 | -158 | 52 | -701 |
| Restructuring provision expenses | -2 | -4 | -1 | - | - | - | -7 |
| Commission expenses | -545 | -11 | - | - | - | 41 | -516 |
| Impairments | -21 | -128 | - | -27 | 9 | - | -167 |
| Interest expense | -13 | -233 | -1 | - | 39 | -123 | -331 |
| Other expenses | -8 | -60 | -19 | -5 | -63 | 13 | -141 |
| **Total expenses** | **-846** | **-606** | **-115** | **-105** | **-174** | **-17** | **-1,862** |
| | | | | | | | |
| **Result before tax from continuing operations** | **261** | **747** | **30** | **-6** | **-132** | **-71** | **829** |
| | | | | | | | |
| Income tax (expense) / gain | -61 | -146 | -8 | -6 | 30 | 18 | -172 |
| **Result after tax from continuing operations** | **200** | **601** | **23** | **-12** | **-101** | **-53** | **657** |
| | | | | | | | |
| **Discontinued operations** | | | | | | | |
| Result after tax from discontinued operations | - | - | -2 | - | - | - | -2 |
| | | | | | | | |
| **Net result** | **200** | **601** | **21** | **-12** | **-101** | **-53** | **656** |
| | | | | | | | |
| **Attributable to:** | | | | | | | |
| Non-controlling interests | - | - | - | - | -1 | - | -1 |
| | | | | | | | |
| - Shareholders of the parent | 200 | 601 | 21 | -12 | -148 | -53 | 609 |
| - Holders of other equity instruments | - | - | - | - | 48 | - | 48 |
| **Result attributable to holders of equity instruments** | **200** | **601** | **21** | **-12** | **-100** | **-53** | **657** |

## Operating result

| 2020 | Non-life | Life | Asset Management | Distribution and Services | Holding and Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| **Result before tax** | **261** | **747** | **30** | **-6** | **-132** | **-71** | **829** |
| minus: investment related | 38 | 139 | - | - | 7 | 1 | 185 |
| minus: incidentals | -18 | -122 | -1 | -31 | 6 | -74 | -241 |
| **Operating result** | **241** | **730** | **31** | **25** | **-144** | **2** | **885** |

In 2020, incidentals were mainly related to impairments of goodwill in the Life and Distribution and Services segments (see below). As a result of the agreed change of pension scheme in 2020, a past service cost of € -59 million pre-tax was recognised. Incidentals also consist of project costs for the implementation of IFRS 17 / 9 and amortisations of VOBA on the acquisitions of Loyalis and Veherex (see chapter 6.5.1).

## Impairments

| 2020 | | Non-life | Life | Asset Management | Distribution and Services | Holding and Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| Intangible assets | Impairment | - | -90 | - | -27 | - | - | -117 |
| | Reversal | - | - | - | - | - | - | - |
| Investments | Impairment | -24 | -39 | - | - | - | - | -63 |
| | Reversal | 2 | - | - | - | - | - | 2 |
| Loans and receivables | Impairment | -7 | -4 | - | - | - | - | -11 |
| | Reversal | 9 | 4 | - | - | 9 | - | 23 |
| **Total impairments** | **Impairment** | **-31** | **-133** | **-** | **-27** | **-** | **-** | **-191** |
| | **Reversal** | **11** | **5** | **-** | **-** | **9** | **-** | **24** |
| | **Total** | **-21** | **-128** | **-** | **-27** | **9** | **-** | **-167** |

## 6.4.4 **Non-life ratios**

### Non-life combined ratio

| | 2021 | 2020 |
|---|---|---|
| Claims ratio | 73.7% | 73.6% |
| Commission ratio | 13.3% | 14.6% |
| Expense ratio | 6.5% | 7.0% |
| | | |
| **Combined ratio** | **93.6%** | **95.2%** |

### Non-life combined ratio per business line

| | 2021 | 2020 |
|---|---|---|
| Property & Casualty (P&C) | 91.9% | 92.5% |
| Disability | 91.6% | 95.1% |
| P&C and Disability | 91.8% | 93.6% |
| Health | 96.2% | 97.7% |

The combined ratio (COR) decreased to 93.6% (2020: 95.2%) in line with the decreasing COR's of the different business lines. As a result of a shift in the non-life business mix towards Health the commission ratio and expense ratio were decreasing whereas the claims ratio remained stable. The claims ratio benefited from the COVID-19 impact (-2%-points, 2020: -1%-point). See chapter 6.6.7 for more detailed information regarding the COVID-19 impact on the net insurance claims and benefits.

In P&C, the COR amounted to 91.9% (2020: 92.5%). The COVID-19 measures still resulted in significantly lower claims, particularly in motor and fire. There was a negative impact from reserve strengthening, primarily related to motor vehicle liability, including the effect from a further, sector-wide, lowering of the actuarial interest rate for personal injury.

In Disability, the COR amounted to 91.6% (2020: 95.1%). The underlying performance improved, thanks to pricing actions and improvements made in the sickness leave portfolio via claims control and a further focus on prevention and re-integration. Reserves were strengthened in group disability and sickness leave, reflecting new insights into the impact of long-term (psychological) absenteeism after falling ill to COVID-19. However, this impact is less severe than last year.

The COR of Health improved by 1.6%-points to 96.2%. The improvement was mainly due to a strong underlying business performance driven by growth of the portfolio. The contribution from COVID-19 compensation schemes was limited.

The claims, commission and expense ratio can be calculated based on the following information:

### Claims, commission and expenses

| | 2021 | 2020 |
|---|---|---|
| **Net insurance premiums Non-life** | 4,042 | 3,568 |
| | | |
| Net insurance claims and benefits | -3,056 | -2,710 |
| | | |
| Adjustments: | | |
| - Interest accrual on provisions (Disability) | 74 | 76 |
| - Compensation capital gains (Disability) | -6 | 3 |
| - Prudence margin (Health) | 8 | 5 |
| **Total adjustments** | **75** | **84** |
| | | |
| **Net insurance claims and benefits (after adjustments)** | **-2,981** | **-2,626** |
| | | |
| Fee and commission income | 23 | 25 |
| Commission expenses | -564 | -545 |
| Corrections made for investment related commission expenses | 3 | - |
| **Commission** | **-538** | **-520** |
| | | |
| Operating expenses | -269 | -257 |
| Corrections made for investment charges | 6 | 7 |
| **Operational expenses (after adjustments)** | **-263** | **-251** |

## 6.4.5 Acquisitions

See accounting policy N.

### Acquisitions 2021

**Brand New Day IORP**

On 1 April 2021, a.s.r. completed the acquisition of Brand New Day IORP by acquiring the remaining 50% of outstanding shares for a total consideration of € 70 million.

Brand New Day IORP offers DC plans in the small and medium entity market. This acquisition fits into a.s.r.'s strategy to grow through bolt-on acquisitions. The closing for the transaction took place on 1 April 2021. As a result, a.s.r. fully included the results and the balance sheet positions in the a.s.r. consolidated financial statements from that date. The full integration of the activities of Brand New Day IORP into a.s.r. is likely to be completed by the end of 2022.

The balance sheet is based on fair value and uses the following techniques and assumptions:
The intangible assets recognised mainly relate to customer relationships. The valuation techniques used to measure the fair value is based on the Multi-period Excess Earnings Method.

**Final fair values of the assets and liabilities acquired on acquisition date**

| | Acquisition date balance sheet based on fair value |
|---|---|
| Intangible assets | 27 |
| Investments related to investment contracts | 1,524 |
| Loans and receivables | 1 |
| Other assets | 3 |
| Cash and cash equivalents | 3 |
| **Total assets** | **1,557** |
| | |
| Liabilities arising from investment contracts | 1,524 |
| Deferred tax liabilities | 6 |
| Other liabilities | 1 |
| **Total liabilities** | **1,531** |
| | |
| **Net assets and liabilities** | **26** |
| | |
| Less: | |
| Consideration paid | 70 |
| Previous held interest | 28 |
| | **98** |
| | |
| **Excess purchase consideration** | **-71** |

The goodwill recognised of € 71 million is not tax deductible and mainly consists of cost and asset management synergies.

**Cash and cash equivalents related to the acquisition**

| | Acquisition date |
|---|---|
| Consideration paid in current year | 70 |
| Acquired cash and cash equivalents | 3 |
| **Decrease in cash and cash equivalents at acquisition date** | **67** |

The previously held interest in Brand New Day IORP was revalued to its fair value of € 28 million at the acquisition date. The revaluation of € 24 million was included in line item realised gains and losses in the income statement.

The consolidated statement of comprehensive income of a.s.r. includes € 11 million revenue and € 2 million result after tax relating to Brand New Day IORP for the period commencing 1 April 2021. The revenue and result of the combined entity for the current period, as though the acquisition date for the business combination of Brand New Day IORP had been as of the beginning of 2021, would have been € 14 million revenue and € 3 million result after tax. The acquisition-related costs recognised as expense amount to € 0.3 million and are included in line item other expenses in the income statement.

**Wind farm Wieringermeer**

On 23 December 2021, ASR Infrastructure Renewables B.V. completed the acquisition of part of the Princess Ariane wind farm by acquiring the assets and liabilities of Vattenfall Windpark Wieringermeer Ext B.V. (Wind farm Wieringermeer) for a total consideration of € 324 million.

As a result, a.s.r. will be the owner of part of the largest Dutch onshore wind farm. In this way, a.s.r. makes a positive contribution to the energy transition and to preserving a sustainable living environment. a.s.r. fully included the results and the balance sheet positions in the a.s.r. consolidated financial statements from 23 December 2021.

The value of the acquired assets and liabilities are included in the disclosure below. The fair value of the acquired plant is not final yet, awaiting the final settlement of costs and benefits related to the period before the acquisition date.

**Fair values of the assets and liabilities acquired on acquisition date**

| | Acquisition date balance sheet based on fair value |
|---|---|
| Property, plant and equipment | 370 |
| Current assets | 16 |
| **Total assets** | **386** |
| | |
| Non current liabilities | 48 |
| Current liabilities | 14 |
| **Total liabilities** | **62** |
| | |
| **Net assets and liabilities** | **324** |

No cash and cash equivalents were acquired.

The a.s.r. Solvency II ratio is not significantly impacted as a result of the acquisition.

**Other acquisitions**

In 2021, Van Kampen Groep Holding B.V. acquired an entity in the Distribution and Services segment.

## Acquisitions 2020

**VvAA life**

On 1 January 2020, a.s.r. acquired 100% of the shares of VvAA Levensverzekeringen N.V. (VvAA life). a.s.r. established the final acquisition balance sheet of VvAA life in December 2020.

**Veherex**

On 1 January 2020, ASR Schadeverzekering N.V. (a.s.r. non-life) acquired 100% shares of Veherex Schade N.V. (Veherex). a.s.r. non-life established the final acquisition balance sheet of Veherex in December 2020.

**Other acquisitions**

In 2020 Van Kampen Group Holding B.V. and Certitudo Investments B.V. acquired several entities, among others CS Opleidingen B.V. a.s.r. established the final acquisition balance sheets in 2021.

# 6.5 **Notes to** the consolidated balance sheet

## 6.5.1 **Intangible assets**

See accounting policy C.

**Intangible assets**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Goodwill | 224 | 148 |
| Value of business acquired (VOBA) | 119 | 142 |
| Other intangible assets | 86 | 56 |
| **Total intangible assets** | **428** | **345** |

The increase in goodwill and other intangible assets mainly relates to the acquisition of Brand New Day IORP, see chapter 6.4.5.

**Intangible assets**

| | Goodwill | VOBA | Other intangible assets | Total 2021 | Total 2020 |
|---|---|---|---|---|---|
| Cost price | 349 | 532 | 129 | 1,011 | 896 |
| Accumulated amortisation and impairments | -126 | -414 | -43 | -582 | -550 |
| **At 31 December** | **224** | **119** | **86** | **428** | **345** |
| | | | | | |
| At 1 January | 148 | 142 | 56 | 345 | 466 |
| Acquisition | - | - | 1 | 1 | 1 |
| Amortisation and impairments | -9 | -23 | -10 | -41 | -149 |
| Other | - | - | - | - | 1 |
| Changes in composition of the group | 84 | - | 39 | 124 | 26 |
| **At 31 December** | **224** | **119** | **86** | **428** | **345** |

### Goodwill

For the purpose of impairment testing, goodwill is allocated to the CGU's of the relevant operating segment.

**Goodwill allocation per segment**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Non-life | 13 | 13 |
| Life | 43 | - |
| Asset Management | 35 | 8 |
| Distribution and Services | 132 | 127 |
| **Total Goodwill** | **224** | **148** |

Goodwill has an indefinite useful life and is not amortised. a.s.r. performs an impairment test annually, or more frequently if events or circumstances warrant so, to ascertain whether goodwill has been subject to impairment.

For the CGU's within the Non-life, Life and Asset Management segments, the results of these tests, using updated multiples and discount rates, show excess recoverable values over the book values and no goodwill impairment is recognised. A deterioration within reasonable limits on one of the assumptions in isolation would not lead to an impairment. The buffer is also capable of absorbing a combination of negative factors. However, should circumstances on multiple factors deteriorate significantly, it could lead to a negative outcome for the buffer (the difference between the recoverable value and the book value).

### Segment Non-life

The result of the goodwill impairment test, using updated multiples and discount rates, shows an excess recoverable value over the book value. As a result, a second step was not necessary and there is no significant exposure of goodwill impairment for sensitivities in the underlying assumptions. No goodwill impairment was recognised.

### Segment Life

The outcome of the goodwill impairment test step 1, using updated price to book trading multiples of various international peers and discount rates, shows an excess recoverable value over the book value. In light of the goodwill impairment last year was decided to perform a step 2 impairment test using a dividend discount model). The main assumptions used in this internal value-in-use model are:

- The future cash flows are based on the specific portfolio characteristics and expected market developments for the life insurance market in which the CGU operates;
- To reflect the long-term character of the life insurance business, the expected decrease of the SCR and own funds projections are used to extrapolate cash flow projections up to 40 years;
- The lower limit solvency target is used to calculate future dividends, which are discounted with a 8.77% discount rate (cost of equity).

The second step of the impairment test also showed an excess recoverable amount over the book value of the CGU and subsequently no goodwill impairment was recognised.

### Segment Asset Management

The result of the goodwill impairment test, using the multiples methodology, shows an excess recoverable value over the book value. As a result, a second step was not necessary and there is no significant exposure of goodwill impairment for sensitivities in the underlying assumptions. No goodwill impairment was recognised.

### Segment Distribution and Services

The goodwill impairment test was conducted at the CGU’s within the segment Distribution and Services segment. The outcomes of the goodwill tests on step 1 showed that the differences between the recoverable amounts and the carrying values is sufficient to support the amounts of goodwill allocated to the CGU’s for nearly all CGU's. These CGU’s still have a sufficient positive headroom and management believes that any reasonable possible change in the key assumptions on which all CGU’s recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

In light of last year's impairment, for one CGU an in depth analysis in step 2 was performed s in order to determine a recoverable amount in a manner that better addresses the specific characteristics of this CGU. The CGU’s operating activities concern those of a distribution partner and service provider. In step 2, future cash flows are based on expected market developments and past experience and on the long-term characteristics of the markets in which the CGU operates. The main assumptions used in this internal value-in-use model are:

- Annual organic future growth of portfolio without impact of potential acquisitions;
- Growth rate used to extrapolate cash flow projections beyond the most recent forecast projections leading to a terminal value of 0% - 0.5%;
- Stable development of operating expenses;
- Discount rate (post tax) 5.1% (2021: 4.7%).

The resulting value in use is not sufficient to support the amount of goodwill allocated to that CGU. The increased competitiveness in the market and lower organic growth results in a lower recoverable value. The consequence for this CGU is an impairment loss on the goodwill charged to the income statement amounting to € 9 million.

### Value of Business Acquired (VOBA)

VOBA mainly relates to the acquisition of Loyalis (€ 55 million), the acquisition of Amersfoortse Stad Rotterdam (€ 56 million) and the acquisition of Veherex (€ 7 million). At year-end 2021, VOBA will be amortised based on the remaining useful lifes of respectively 5, 9 and 6 years. The amortisation for the next year will be € 23 million.

### Other intangible assets

The other intangible assets mainly relate to Dutch ID, SuperGarant, Loyalis and Brand New Day IORP. The other intangible assets relate to trade name, distribution relationships and customer relationships. The other intangible assets are amortised straight-line over their useful life, which is determined individually (between 5 and 20 years). The amortisation charges on other intangible assets are recorded in the operating expenses (see chapter 6.6.8).

## 6.5.2 Property, plant and equipment

See accounting policies U and BB.

**Property, plant and equipment**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Land and buildings for own use | 145 | 158 |
| Plant | 332 | - |
| Equipment | 25 | 20 |
| **Property, plant and equipment owned** | **502** | **177** |
| | | |
| Vehicles | 10 | 12 |
| Land | 37 | - |
| Other | 7 | 9 |
| **Right-of-use assets** | **54** | **21** |
| | | |
| **Total property, plant and equipment** | **556** | **198** |

**Changes in property, plant and equipment**

| | Land and buildings held for own use | Plant | Equipment | Right-of-use assets | Total 2021 | Total 2020 |
|---|---|---|---|---|---|---|
| At 1 January | 158 | - | 20 | 21 | 198 | 189 |
| Additions | - | 332 | 12 | 42 | 386 | 14 |
| Depreciation | -5 | - | -7 | -6 | -19 | -16 |
| Revaluations through equity | -7 | - | - | - | -7 | 12 |
| Other changes | - | - | - | -2 | -2 | -1 |
| Changes in the composition of the group | - | - | - | - | 1 | - |
| **At 31 December** | **145** | **332** | **25** | **54** | **556** | **198** |
| Gross carrying amount as at 31 December | 248 | 332 | 56 | 69 | 705 | 334 |
| Accumulated depreciation as at 31 December | -103 | - | -31 | -15 | -149 | -136 |
| **Net carrying value as at 31 December** | **145** | **332** | **25** | **54** | **556** | **198** |
| Revaluation surplus | | | | | | |
| At 1 January | 45 | - | - | - | 45 | 32 |
| Revaluation in the year | -7 | - | - | - | -7 | 12 |
| Other changes | - | - | - | - | - | 1 |
| **At 31 December** | **38** | **-** | **-** | **-** | **38** | **45** |

Additions mainly relate to the acquisition of wind farm Wieringermeer including the lease for the related land as part of the strategy to invest more in renewable energy, see chapter 6.4.5.

Depreciation of property, plant and equipment is recorded in the operating expenses, see chapter 6.6.8.

The fair value of land and buildings for own use is based on the external valuations and the fair value of plants are disclosed in chapter 6.7.1.3.

Property, plant and equipment consists mainly of assets expected to have a useful life of more than one year after the balance sheet date.

## 6.5.3 **Investment property**

See accounting policy D.

**Changes in investment property**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 1,973 | 1,924 |
| | | |
| Changes in value of investments, realised/unrealised gains and losses: | | |
| - Fair value gains and losses | 91 | 70 |
| Purchases | 53 | 113 |
| Issues | 1 | 1 |
| Disposals | -63 | -125 |
| Transferred between investments on behalf of policyholders and investment property | - | -10 |
| Transfer between investment property and investments | -2 | - |
| | | |
| **At 31 December** | **2,052** | **1,973** |

Investment property is leased to third parties and is diversified over the rural, residential, offices and retail sectors and over property under development in the Netherlands. The significant inputs are the net initial yield and market rental value. For more information see chapter 6.7.1.

The fair value of investment property increased due to positive revaluations of residential and rural property, partly offset by a negative revaluation of retail property.

Purchases in 2021 mainly relates to acquisitions of rural property (€ 25 million), parking (€ 11 million), and offices (€ 17 million). Sales in 2021 mainly relates to rural property (€ 53 million) and retail property (€ 10 million) .

Rental income is recognised as investment income. For details, see chapter 6.6.2. In 2021, rentals amounted to € 64 million (2020: € 60 million). The rental income increased due to the expansion of the investment portfolio and price indexation.

Direct operating expenses arising from investment property amounted to € 10 million (2020: € 18 million). Given the overall low vacancy rate, virtually all direct operating expenses relate to investment properties generating rental income. Direct operating expenses of investment property are classified as other expenses.

Investment property consists mainly of assets expected to be recovered after more than one year after the balance sheet date.

## 6.5.4 **Associates and joint ventures**

See accounting policy U.

**Associates and joint ventures**

| | Interest | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **At equity method** | | | |
| Associates and joint ventures | ranging between 10 % and 50 % | 102 | 101 |
| | | | |
| **At fair value through profit or loss** | | | |
| Real estate equity funds | ranging between 30 % and 70 % | 1,817 | 1,735 |
| Mortgage equity funds | ranging between 5 % and 20 % | 781 | 590 |

The real estate equity funds consists of the ASR Dutch Mobility Office Fund (DMOF), ASR Dutch Prime Retail Fund (DPRF) and the ASR Dutch Core Residential Fund (DCRF). The mortgage equity funds consists of the ASR Mortgage Fund. The interests in these funds are classified and presented as an investment at fair value through profit or loss. For more information, see chapter 6.5.5 and 6.7.1.

Investments in associates and joint ventures generally have a duration of more than one year after the balance sheet date.

### Changes in associates and joint ventures at equity method

| | 2021 | 2020 |
|---|---|---|
| At 1 january | 101 | 99 |
| Acquisitions | 6 | 2 |
| Disposal | -13 | -3 |
| Share of profit/(loss) | 9 | 4 |
| Dividend | -2 | -1 |
| | | |
| **At 31 December** | **102** | **101** |

The disposal relates to the acquisition of the remaining 50% of outstanding shares of Brand New Day IORP. Brand New Day IORP is therefore no longer accounted for as a joint venture. See chapter 6.4.5.

Some participating interests in which a.s.r. has an interest of less than 20% qualify as associates, because a.s.r. has significant influence as a result of contractual agreements. a.s.r. also has interests of 50% or more in associates at fair value through profit or loss. a.s.r. has no control over these entities as the ability to direct the relevant activities is limited by contractual agreements and therefore does not consolidate these entities.

The information disclosed in the tables below is based on the most recent financial information available from the associates and joint ventures. This is primarily based on the investee's financial statements and their accounting policies. If these policies differ from a.s.r.'s accounting policies, carrying amounts in a.s.r.'s consolidated financial statements have been changed to be in line with a.s.r.'s policies.

### Financial information available from the associates and joint ventures

| | 31 December 2021 | | | | 31 December 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Associates and joint ventures at equity method | Real estate equity funds | Mortgage equity funds | Total | Associates and joint ventures at equity method | Real estate equity funds | Mortgage equity funds | Total |
| Total assets | 376 | 4,019 | 8,168 | 12,563 | 2,519 | 3,818 | 6,328 | 12,664 |
| Total liabilities | 163 | 264 | 100 | 527 | 2,237 | 341 | 85 | 2,662 |
| Total income | 197 | 171 | 240 | 607 | 185 | 171 | 164 | 519 |
| Result from continuing operations | 20 | 266 | 208 | 494 | 15 | 99 | 140 | 254 |
| Total comprehensive income | 20 | 266 | 208 | 494 | 15 | 99 | 140 | 254 |

The decrease in assets and liabilities of the associates and joint ventures at equity method relates mainly to the acquisition of Brand New Day IORP.

The total assets of the real estate equity funds consist primarily of investment property, € 3,766 million (2020: € 3,621 million). The total assets of the mortgage equity funds consist primarily of mortgages, € 7,991 million (2020: € 6,193 million).

The interest in the real estate equity funds are as follows:

### Investments

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| ASR Dutch Prime Retail Fund | 625 | 649 |
| ASR Dutch Core Residential Fund | 1,079 | 976 |
| ASR Dutch Mobility Office Fund | 113 | 110 |
| | | |
| **Total** | **1,817** | **1,735** |

## 6.5.5 **Investments**

See accounting policy E.

**Investments**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Available for sale | 30,333 | 33,774 |
| At fair value through profit or loss | 3,216 | 2,825 |
| | **33,550** | **36,599** |

For changes in investments available for sale and changes in investments at fair value through profit or loss see chapter 6.5.5.1 and chapter 6.5.5.2 respectively.

**Breakdown of investments**

| | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| | Available for sale | Fair value through profit or loss | Total | Available for sale | Fair value through profit or loss | Total |
| **Fixed income investments** | | | | | | |
| Government bonds | 14,149 | - | 14,149 | 17,390 | - | 17,390 |
| Corporate bonds | 10,827 | - | 10,827 | 11,817 | - | 11,817 |
| Asset-backed securities | 530 | - | 530 | 404 | - | 404 |
| Preference shares | 311 | - | 311 | 316 | - | 316 |
| Rural property contracts | - | 215 | 215 | - | 143 | 143 |
| | | | | | | |
| **Equities and similar investments** | | | | | | |
| Equities | 4,111 | 18 | 4,129 | 3,447 | 62 | 3,510 |
| Real estate equity funds | - | 2,202 | 2,202 | - | 2,029 | 2,029 |
| Mortgage equity funds | 398 | 781 | 1,179 | 393 | 590 | 983 |
| Other participating interests | 7 | - | 7 | 7 | - | 7 |
| | | | | | | |
| **Total investments** | **30,333** | **3,216** | **33,550** | **33,774** | **2,825** | **36,599** |

The equities consist primarily of listed equities and investments in investment funds. Equities increased mainly as a result of additional investments and positive revaluations.

In 2021, government bonds decreased to € 14,149 million (2020: € 17,390 million) mostly due to negative revaluations and the disposal of government bonds. Cash collateral received on derivative instruments was reinvested into government bonds, cash collateral decreased due to increasing interest rate, therefore these government bonds were sold. For more information regarding cash collateral received see chapter 6.5.21.

For the real estate equity funds and mortgage equity funds for which a.s.r. has significant influence, being ASR DMOF, ASR DPRF, ASR DCRF and ASR Mortgage Fund, the exemption of IAS 28 was used, thereby measuring the investments at fair value through profit or loss and presenting them as a separate category within the investments at fair value through profit or loss. For a breakdown of the real estate equity funds ASR DMOF, ASR DPRF and ASR DCRF, and ASR Mortgage Fund see chapter 6.5.4.

All investments at fair value through profit or loss are designated as such by a.s.r. upon initial recognition. For more detailed information about the fair value valuation of the investments, see chapter 6.7.1.

Based on their contractual maturity, an amount of € 21,400 million (2020: € 23,681 million) of fixed income investments is expected to be recovered after more than one year after the balance sheet date. For assets without a contractual maturity date, it is expected that they will be recovered after more than one year after the balance sheet date.

## 6.5.5.1 Investments available for sale

**Changes in investments available for sale**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 33,774 | 31,893 |
| Purchases | 13,516 | 14,366 |
| Repayments | -6,658 | -7,824 |
| Disposal | -9,805 | -5,816 |
| Realised gains through profit or loss | 429 | 386 |
| Revaluation recognised in equity | -845 | 786 |
| (Reversals of) Impairments | -13 | -61 |
| Amortisation | -110 | -189 |
| Exchange rate differences | 46 | -98 |
| Changes in the composition of the group | - | 331 |
| **At 31 December** | **30,333** | **33,774** |

a.s.r. has bonds amounting to € 3,524 million (2020: € 3,844 million) and cash amounting to € 1,000 million (2020: € 1,450 million) (see chapter 6.5.12) that have been transferred, but do not qualify for derecognition. The majority of these investments are part of a securities lending programme whereby the investments are lent in exchange for a fee with collateral obtained as a security. The collateral furnished as security representing a fair value of € 5,383 million (2020: € 6,199 million) consists of mortgage loans and corporate and government bonds. See accounting policy S about securities lending.

Prior year changes in the composition of the group relates to the assets acquired through VvAA life and Veherex.

### Impairment of investments available for sale

**Changes in impairments of investments available for sale**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | -354 | -350 |
| Increase in impairments through profit or loss | -16 | -63 |
| Reversal of impairments through profit or loss | 3 | 2 |
| Reversal of impairments due to disposal | 68 | 57 |
| **At 31 December** | **-300** | **-354** |

The increase in impairments through profit or loss is related to impairments on equities and investment funds, there is no direct link to COVID-19 for these impairments. The reversal of impairments due to disposal mainly relates to the write-off of asset-backed securities and preference shares which were impaired in previous years.

## 6.5.5.2 Investments at fair value through profit or loss

**Changes in investments at fair value through profit or loss**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 2,825 | 2,831 |
| Purchases | 336 | 306 |
| Disposal | -64 | -277 |
| Revaluation through profit or loss | 117 | -2 |
| Transfer between investments on behalf of policyholders and investments | - | -34 |
| Transfer between investments and investment property | 2 | 1 |
| **At 31 December** | **3,216** | **2,825** |

The developments surrounding COVID-19 had an impact on the value of the retail property fund. The negative revaluation of retail property was mainly compensated by positive revaluations of residential property.

Purchases relate to purchases of interests in mortgage equity fund, real estate equity funds and rural property contracts. Disposals mainly relate to disposals of interests in real estate equity funds.

## 6.5.6 Investments on behalf of policyholders

See accounting policy F.

**Investments on behalf of policyholders at fair value through profit or loss**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Government bonds | 1,626 | 1,583 |
| Corporate bonds | 787 | 764 |
| Equities | 8,645 | 7,676 |
| Real estate equity funds | 249 | - |
| Mortgage equity funds | 234 | - |
| Derivatives | 6 | 14 |
| Cash and cash equivalents | 18 | 112 |
| Other investments | 9 | 5 |
| **Total investments on behalf of policyholders at fair value through profit or loss** | **11,574** | **10,154** |

**Changes in investments on behalf of policyholders at fair value through profit or loss**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 10,154 | 9,571 |
| Purchases | 1,125 | 2,288 |
| Disposal | -1,237 | -2,329 |
| Revaluation through profit or loss | 1,629 | 437 |
| Transfer between investments on behalf of policyholders and investments | - | 34 |
| Transfer between investments on behalf of policyholders and investment property | - | 10 |
| Other changes | -98 | -36 |
| Changes in the composition of the group | - | 178 |
| **At 31 December** | **11,574** | **10,154** |

Investments on behalf of policyholders are managed on behalf of policyholders on a fair value basis. Although individual instruments may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of a.s.r.

In 2020, changes in the composition of the group relates to the acquisition of VvAA life.

## 6.5.7 Investments related to investment contracts

See accounting policy G.

**Investments related to investment contracts**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Equities | 1,794 | - |
| Real estate equity funds | 119 | - |
| Cash and cash equivalents | 39 | - |
| **Total investments to investment contracts - Assets** | **1,952** | **-** |
| | | |
| Liabilities arising from investment contracts | 1,952 | - |
| **Total investments to investment contracts - Liabilities** | **1,952** | **-** |

### Changes related to investments related to investment contracts

| | 2021 | 2020 |
|---|---|---|
| At 1 January | - | - |
| Purchases | 355 | - |
| Disposal | -110 | - |
| Revaluation through profit or loss | 175 | - |
| Changes in the composition of the group | 1,524 | - |
| Other changes | 9 | - |
| **At 31 December** | **1,952** | **-** |

The investments related to investment contracts are related to the newly acquired Brand New Day IORP. See chapter 6.4.5.

## 6.5.8 **Loans and receivables**

See accounting policy H.

### Loans and receivables measured at amortised cost

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Government and public sector | 223 | 106 |
| Mortgage loans | 9,991 | 8,253 |
| Other loans | 1,253 | 461 |
| **Total due from customers** | **11,468** | **8,820** |
| | | |
| **Impairments** | | |
| Specific credit risks | -7 | -7 |
| **Due from customers** | **11,461** | **8,813** |
| | | |
| Due from credit institutions - Interest bearing deposits | 139 | 93 |
| Due from credit institutions - Loans and advances | 2,797 | 2,966 |
| Due from credit institutions - Other | 91 | 1,724 |
| **Total due from credit institutions** | **3,027** | **4,783** |
| | | |
| **Impairments** | | |
| Specific credit risks | -56 | -56 |
| **Due from credit institutions** | **2,971** | **4,727** |
| | | |
| Due from policyholders | 75 | 109 |
| Due from intermediaries | 89 | 88 |
| Reinsurance receivables | 96 | 175 |
| Due from Health Insurance Fund | 148 | 107 |
| Other receivables | 446 | 377 |
| **Total trade and other receivables** | **853** | **856** |
| | | |
| **Impairments** | | |
| Specific credit risks | -25 | -26 |
| IBNR | -1 | -1 |
| **Trade and other receivables** | **827** | **830** |
| | | |
| **Total loans and receivables** | **15,259** | **14,370** |

The total amount due from credit institutions of € 3,027 million (2020: € 4,783 million) mainly decreased due to the disposal of the reverse repurchase agreement. Total due from credit institutions consists for € 2,462 million (2020: € 2,663 million) of savings-linked mortgage loans.

The claim related to cash collateral paid on derivative instruments, included in total due from credit institutions, amounts to € 91 million (2020: € 79 million).

Based on their contractual maturity, an amount of € 14,368 million (2020: € 12,219 million) of the loans and receivables is expected to be recovered after more than one year after the balance sheet date.

### Changes in impairments of loans and receivables

| | 2021 | 2020 |
|---|---|---|
| At 1 January | -90 | -102 |
| Increase in impairment through profit and loss | -15 | -11 |
| Reversal of impairment through profit and loss | 14 | 23 |
| Reversal of impairment due to disposal | 2 | 1 |
| Other | 1 | - |
| | | |
| **At 31 December** | **-89** | **-90** |

For information regarding the fair value, see chapter 6.7.1.2.

## 6.5.9 Derivatives

See accounting policy I.

Derivatives consist primarily of derivatives used to hedge interest rate movements. Changes in the fair value of derivatives at fair value through profit or loss are recorded in 'fair value gains and losses', see chapter 6.6.4.

a.s.r. trades both cleared and non-cleared derivatives on the basis of standardised contracts and exchanges cash variation margin with its counterparties. The derivatives are valued daily and cash collateral is exchanged to reflect the change in mark-to-market (MtM) of the derivatives. Because of this periodic margining process, counterparty risk on derivatives is negligible.

In addition to the above variation margin obligations, there is also an initial margin obligation for central cleared derivatives which further reduces the risk of a.s.r. and its counterparties that they cannot fulfil their obligations.

Notional amounts are not recognised as assets or liabilities in the balance sheet, however notional amounts are used in determining the fair value of the derivatives. Notional amounts do not reflect the potential gain or loss on a derivative transaction.

**Derivatives**

| | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| | Asset | Liability | Notional amount | Asset | Liability | Notional amount |
| Foreign exchange contracts | 25 | 78 | 3,873 | 57 | 4 | 2,722 |
| Interest rate contracts | | | | | | |
| - Swaps | 5,870 | 678 | 62,006 | 8,874 | 1,362 | 63,148 |
| - Options | 237 | - | 2,867 | 223 | - | 2,652 |
| - Futures | 37 | 3 | 939 | - | 19 | 1,096 |
| Inflation linked swaps | 14 | - | 235 | - | 35 | 235 |
| Equity index contracts | 28 | - | 802 | 13 | - | 418 |
| **Total** | **6,212** | **759** | **70,723** | **9,168** | **1,419** | **70,270** |

The derivatives do not include the derivatives on behalf of policyholders of € 6 million (2020: € 14 million).

Derivatives decreased primarily as a result of negative revaluations due to increasing interest rates.

In addition to the use of swaps and options a.s.r. manages interest rate risk by using bond forwards, included in interest rate contracts futures.

The notional amounts of both receiver and payer swaps are included in the total notional amounts of foreign exchange contracts.

The fair value of interest rate contracts is calculated by first determining the cash flows of the floating leg based on the Euribor-curve corresponding the interest reset period (3 months, 6 months or 12 months) of the swap. Then the net present value of the floating and fixed leg is determined by discounting the cash flows. As part of global industry efforts around benchmark reform, Central Clearing Counterparties (CCPs) have switched the overnight cost of funding collateral and discounting on all cleared EUR-denominated products to euro short-term (€STR) in July 2020, for USD-denominated derivatives to SOFR in October 2020, and GBP-denominated derivatives to SONIA in December 2021. In the second half of 2021, all bilateral derivative agreements have been amended to reference the relevant Alternative Reference Rates.

The fair value of the interest rate contracts using the above valuation method form the basis for the amount of collateral that is exchanged between a.s.r. and its counterparties in accordance with the underlying contracts. For more information see chapter 6.8 on risk management.

Of the derivatives € 6,121 million assets (2020: € 9,113 million) and € 658 million liabilities (2020: € 1,410 million) is expected to be recovered respectively settled more than one year after the balance sheet date.

**Transition**
Throughout the world, a transition is currently taking place from interbank offered rates (IBORs) to alternative benchmarks. In the EU, the transition to alternative interest-rate benchmarks is governed by the Benchmark Regulation (BMR). Pursuant to the BMR, IBOR based contracts need to be amended to reference alternative rates or to be provided with a fallback option.

The transition away from IBORs is mainly affecting a.s.r.'s derivative book, which is measured at fair value through profit or loss. Although most references under these derivatives remain BMR compliant, the Cash Collateral Interest Rate, and consequently discount rates, have required amendments towards Alternative Reference Rates (ARRs).

During 2020 and 2021, all contracts referencing IBORs have been amended to reflect ARRs, with the exception of USD Libor Referenced Interest Rate Swaps, which are expected to remain BMR Compliant until June 2023. A project team has been formed in order to effectively manage the transition from IBORs to ARRs, and mitigating any adverse operational and / or financial impact. As at 31 December 2021, the transition from USD Libor References towards its respective ARRs is still outstanding and is expected to be finished well in advance of its cessation in June 2023. The following table provides details related to a.s.r.'s exposure to USD Libor References at the end of 2021.

**Interest rate benchmark transition**

| 31 December 2021 | Non-derivative financial assets - carrying value | Non-derivative financial liabilities - carrying value | Derivatives - nominal amount |
|---|---|---|---|
| USD LIBOR (3 months) | 131 | - | 418 |
| USD LIBOR (6 months) | 126 | - | - |
| | **257** | **-** | **418** |

## 6.5.10 Deferred taxes

**Deferred taxes**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Deferred tax assets | - | 177 |
| Deferred tax liabilities | 69 | - |
| **Net Deferred tax** | **-69** | **177** |

Deferred taxes are formed for differences between the carrying amount of assets and liabilities and their tax base at the enacted tax rate, taking into account tax-exempt components. The current tax rate is 25.0% (2020: 25.0%). The deferred taxes are calculated with the enacted tax rate for 2022 of 25.8%.

Deferred tax assets and liabilities are expected to be recovered after more than one year after the balance sheet date.

**Changes in deferred taxes**

| | 1 January 2021 | Changes recognised in profit or loss | Changes recognised in other comprehensive income | Changes recognised other | Changes in composition of the group | 31 December 2021 |
|---|---|---|---|---|---|---|
| Financial assets held for trading | -1,893 | 561 | - | - | - | -1,332 |
| Investments | -1,031 | -55 | 224 | - | - | -861 |
| Investment property | -352 | -45 | - | -3 | - | -400 |
| Property, plant and equipment | -10 | 1 | 2 | -9 | - | -16 |
| Intangible assets | -48 | 6 | - | - | -9 | -51 |
| Liabilities arising from insurance contracts | 3,414 | -559 | -303 | - | - | 2,552 |
| Employee benefits | 226 | -5 | -51 | - | - | 171 |
| Amounts received in advance | 1 | -2 | - | - | - | -1 |
| Fiscal reserves | -170 | -17 | - | - | - | -187 |
| Other | 39 | 7 | - | 11 | - | 57 |
| **Gross deferred tax** | **177** | **-108** | **-128** | **-2** | **-9** | **-69** |
| | | | | | | |
| Write-down of deferred tax assets | **-** | - | - | - | - | **-** |
| | | | | | | |
| **Net deferred tax** | **177** | **-108** | **-128** | **-2** | **-9** | **-69** |

In 2021, changes recognised other relates to the acquisition of wind farm Wieringermeer (see chapter 6.4.5).

**Changes in deferred taxes (2020)**

| | 1 January 2020 | Changes recognised in profit or loss | Changes recognised in other comprehensive income | Changes recognised other | Changes in composition of the group | 31 December 2020 |
|---|---|---|---|---|---|---|
| Financial assets held for trading | -1,109 | -784 | - | - | - | -1,893 |
| Investments | -754 | 14 | -280 | - | -11 | -1,031 |
| Investment property | -284 | -67 | - | - | - | -352 |
| Property, plant and equipment | -6 | - | -4 | - | - | -10 |
| Intangible assets | -42 | -3 | - | - | -3 | -48 |
| Liabilities arising from insurance contracts | 2,537 | 863 | 187 | - | 7 | 3,414 |
| Employee benefits | 153 | -50 | 124 | - | - | 226 |
| Amounts received in advance | 5 | -3 | - | - | - | 1 |
| Fiscal reserves | -137 | -32 | - | - | - | -170 |
| Other | 15 | 23 | 1 | - | - | 39 |
| **Gross deferred tax** | **197** | **-40** | **28** | **-** | **-7** | **177** |
| | | | | | | |
| Write-down of deferred tax assets | **-** | - | - | - | - | **-** |
| | | | | | | |
| **Net deferred tax** | **197** | **-40** | **28** | **-** | **-7** | **177** |

Prior year changes in the composition of the group mainly related to the acquisitions of VvAA life and Veherex and the related technical provisions and investments.

## 6.5.11 **Other assets**

See accounting policy X.

**Composition of other assets**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Accrued investment and interest income | 465 | 516 |
| Prepaid costs and other non-financial assets | 134 | 157 |
| Property developments | 31 | 47 |
| | | |
| **Total other assets** | **631** | **720** |

Prepaid costs and other non-financial assets includes prepaid commissions for non-life insurance.

An amount of € 582 million (2020: € 658 million) of other assets is expected to be recovered less than or equal to one year after the balance sheet date.

## 6.5.12 **Cash and cash equivalents**

See accounting policy Y.

**Cash and cash equivalents**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Due from banks | 1,306 | 1,396 |
| Due from banks falling due within three months | 1,000 | 1,450 |
| | | |
| **Total cash and cash equivalents** | **2,306** | **2,846** |

a.s.r. has cash amounting to € 1,000 million (2020: € 1,450 million) that has been transferred as part of a securities lending programme, but does not qualify for derecognition. For more information see chapter 6.5.5.1.

All other cash and cash equivalents are freely available. The cash components include € 1,892 million (2020: € 2,120 million) related to cash collateral received on derivative instruments and is managed separately from other cash equivalents.

The claim related to cash collateral paid on derivative instruments is included in the amount loans and receivables (see chapter 6.5.8). Debt related to cash collateral received on derivatives instruments is included in the amount due to banks (see chapter 6.5.21).

Interest expenses on cash collateral is mainly based on EONIA / €STR (2020: EONIA / €STR).

## 6.5.13 **Equity**

See accounting policy Z.

### 6.5.13.1 Share capital

**Share capital**

| | 31 December 2021 | | 31 December 2020 | |
|---|---|---|---|---|
| | Number of Shares (in millions) | Amounts (in € millions) | Number of Shares (in millions) | Amounts (in € millions) |
| Ordinary shares | | | | |
| - Authorised capital; par value of € 0.16 | 325 | 52 | 350 | 56 |
| - Of which unsubscribed | 187 | 30 | 209 | 33 |
| **Subscribed and paid-up capital** | **138** | **22** | **141** | **23** |
| | | | | |
| Preference shares | | | | |
| - Authorised capital; par value of € 0.16 | 325 | 52 | 350 | 56 |
| - Of which unsubscribed | 325 | 52 | 350 | 56 |
| **Subscribed and paid-up capital** | **-** | **-** | **-** | **-** |

At the AGM in May 2021 shareholders of a.s.r. approved the proposal to amend the articles of association of a.s.r. and thus reduce the share capital. Under Dutch law (Article 2:67 paragraph 4 of the Dutch Civil Code) the authorised capital of a.s.r. may not exceed five times its issued capital. The authorised capital was reduced to a total amount of € 104 million.

### 6.5.13.2 Unrealised gains and losses recorded in equity

**Unrealised gains and losses recorded in equity**

| | 31 December 2021 | | | 31 December 2020 | | |
|---|---|---|---|---|---|---|
| | Investments available for sale | Revaluation of property in own use | Total | Investments available for sale | Revaluation of property in own use | Total |
| Gross unrealised gains and losses | 3,074 | 38 | 3,112 | 3,919 | 45 | 3,964 |
| Related tax | -679 | -10 | -688 | -903 | -11 | -914 |
| Shadow accounting | -1,257 | - | -1,257 | -2,517 | - | -2,517 |
| Tax related to shadow accounting | 324 | - | 324 | 629 | - | 629 |
| Unrealised gains and losses related to segregated investment pools | -40 | - | -40 | -34 | - | -34 |
| Tax related to segregated investment pool | 10 | - | 10 | 8 | - | 8 |
| | | | | | | |
| **Total unrealised gains and losses recorded in equity** | **1,433** | **28** | **1,461** | **1,103** | **34** | **1,137** |

### 6.5.13.3 Actuarial gains and losses

The balance of actuarial gains and losses related to the pension obligation increased in 2021 by € 198 million after tax and € 249 million before tax (2020: decreased by € 340 million after tax and € 453 million before tax). The increase is mainly due to an increase in the discount rate (see chapter 6.5.17).

### 6.5.13.4 Treasury shares

In January 2021, a.s.r. announced a repurchasing programme for the employee share purchase plan for employees of a.s.r. and its wholly-owned subsidiaries. For this programme, a.s.r. repurchased 225 thousand shares under an open market SBB programme for an amount of € 7.5 million (average share price € 33.27). As part of the employee share purchase plan a.s.r. sold 126 thousand shares for an amount of € 4 million. The employee share purchase plan led to a decrease of € 0.5 million in retained earnings. For more information on the employee share purchase plan, see chapter 6.7.6.

In February 2021, a.s.r. announced the repurchase of ordinary shares as an additional capital distribution. a.s.r. repurchased 2,036 thousand shares under an open market SBB programme for an amount of € 75 million (average share price € 36.84).

In the AGM in May 2021 the resolution was adopted to cancel the 2,943 thousand shares which were acquired in 2020. The cancellation was effected in August 2021.

The amount of treasury shares held as at year-end 2021 of € 83 million (2020: € 82 million) represents 2,264 thousand (2020: 3,072 thousand) treasury shares.

## 6.5.13.5 Other equity instruments

In 2020 and 2021, a.s.r. neither issued nor redeemed any other equity instruments.

**Other equity instruments**

| | 2021 | 2020 | Coupon date | First possible redemption date |
|---|---|---|---|---|
| Hybrid Tier 2 instrument 5% fixed interest | 497 | 497 | Annually with effect from 30 September 2015 | 30 September 2024 |
| Restricted Tier 1 instrument 4.625% fixed interest | 507 | 507 | Semi-annually with effect from 19 April 2018 | 19 October 2027 |
| **Total other equity instruments** | **1,004** | **1,004** | | |

The Tier 1 and Tier 2 instruments bear discretionary interest and have no maturity date, but can be redeemed at the option of a.s.r. on any coupon due date from the above mentioned possible redemption date.

The Tier 1 and Tier 2 instruments have subordination provisions, rank junior to all other liabilities and senior to only shareholder's equity. The conditions of the securities contain certain provisions for optional and required coupon payment deferral and mandatory coupon payment events.

The coupon payments in respect of the Tier 1 and Tier 2 instruments are deductible for tax purposes.

**Distributed amounts to holders of equity instruments as discretionary interest**

| | 2021 | 2020 |
|---|---|---|
| Hybrid Tier 2 instrument 5% fixed interest | 25 | 25 |
| Restricted Tier 1 instrument 4.625% fixed interest | 23 | 23 |
| **Total distributed amounts** | **48** | **48** |

The Tier 1 and Tier 2 instruments are classified as equity as there is no requirement to settle the obligation in cash or another financial asset or to exchange financial assets or financial liabilities under conditions that are potentially unfavourable for a.s.r.

## 6.5.13.6 Earnings per share

**Basic earnings per share at year end**

| | 2021 | 2020 |
|---|---|---|
| Net result from continuing operations | 894 | 611 |
| Net result from discontinued operations | - | -2 |
| **Net result attributable to holders of ordinary shares for calculating the earnings per ordinary share** | **894** | **609** |
| Weighted average number of ordinary shares in issue | 136,260,472 | 138,918,141 |
| Basic earnings per ordinary share from continuing operations (in euros) | 6.56 | 4.40 |
| Basic earnings per ordinary share from discontinued operations (in euros) | - | -0.01 |
| **Basic earnings per ordinary share (in euros)** | **6.56** | **4.38** |

**Diluted earnings per share at year end**

| | 2021 | 2020 |
|---|---|---|
| Net result from continuing operations | 894 | 611 |
| - effect of Restricted Tier 1 capital instrument | 17 | 17 |
| **Adjusted net result from continuing operations** | **911** | **628** |
| Net result from discontinued operations | - | -2 |
| **Adjusted net result attributable to holders of ordinary shares for calculating the diluted earnings per ordinary share** | **911** | **626** |
| Weighted average number of ordinary shares in issue | 136,260,472 | 138,918,141 |
| Weighted average number of ordinary shares resulting from conversion of bonds Restricted Tier 1 | 21,645,022 | 21,645,022 |
| **Weighted average number of shares used to calculate the diluted earnings per ordinary share** | **157,905,493** | **160,563,162** |
| Diluted earnings per ordinary share from continuing operations (in euros) | 5.77 | 3.91 |
| Diluted earnings per ordinary share from discontinued operations (in euros) | - | -0.01 |
| **Diluted earnings per ordinary share (in euros)** | **5.77** | **3.90** |

Net result in the table is after tax and non-controlling interests.

For additional information related to net result, see chapter 6.2.2.

## 6.5.14 Subordinated liabilities

See accounting policy AA.

**Subordinated liabilities**

| | Nominal amount | Carrying value 2021 | Carrying value 2020 |
|---|---|---|---|
| Hybrid Tier 2 instrument 5.125% fixed interest | 500 | 498 | 498 |
| Hybrid Tier 2 instrument 3.375% fixed interest | 500 | 494 | 493 |
| | | | |
| **Total subordinated liabilities** | **1,000** | **992** | **991** |

In 2015, a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 notes, first callable on 29 September 2025, and maturing on 29 September 2045. The coupon is fixed at 5.125% and paid annually on 29 September with a step up at the first call date.

In 2019 a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 notes. The bond has a maturity date of 2049 and is first callable 3 months before the first reset date of 2 May 2029. The coupon is fixed at 3.375% and paid annually on 2 May. After the reset date the interest is calculated based on the 5 Year Mid Swap Rate plus a margin of 4.00 per cent and updated once every five years.

These notes are subordinated and ranking equally without any preference amongst themselves and (a) junior to the claims of all senior creditors of a.s.r., (b) equally with any parity obligations and (c) in priority to claims in respect of (i) any equity securities and (ii) any junior obligations.

The subordinated liabilities are classified as liabilities given the obligation to settle the loans and pay the coupon. They are considered Tier 2 own funds for regulatory purposes.

## 6.5.15 Insurance liabilities

See accounting policies J, K, P and W.

### 6.5.15.1 Liabilities arising from insurance contracts

**Insurance contracts with retained exposure**

| | Gross | | Of which reinsurance | |
|---|---|---|---|---|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| Provision for unearned premiums | 307 | 323 | 8 | 19 |
| Provision for claims (including IBNR) | 6,744 | 6,522 | 256 | 307 |
| **Non-life insurance contracts** | **7,050** | **6,845** | **263** | **325** |
| Life insurance contracts excluding own pension contracts | 30,747 | 34,615 | 154 | 158 |
| **Total liabilities arising from insurance contracts** | **37,797** | **41,460** | **417** | **483** |

**Changes in liabilities arising from non-life insurance contracts**

| | Gross | | Of which reinsurance | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **Provision for unearned premiums** | | | | |
| At 1 January | 323 | 347 | 19 | 34 |
| Changes in provision for unearned premiums | -16 | -24 | -11 | -16 |
| **Provision for unearned premiums as at 31 December** | **307** | **323** | **8** | **19** |
| **Provision for claims (including IBNR)** | | | | |
| At 1 January | 6,522 | 5,990 | 307 | 371 |
| Claims paid | -2,595 | -2,337 | -73 | -92 |
| Changes in provision for claims | 3,064 | 2,723 | 23 | 28 |
| Changes in shadow accounting through equity | -179 | -19 | - | - |
| Changes in shadow accounting through income | -67 | 81 | - | - |
| Changes in the composition of the group | - | 83 | - | - |
| **Provision for claims (including IBNR) as at 31 December** | **6,744** | **6,522** | **256** | **307** |
| **Non-life insurance contracts as at 31 December** | **7,050** | **6,845** | **263** | **325** |

In 2020, changes in the composition of the group relates to the acquisition of Veherex (see chapter 6.4.5).

**Gross provisions for claims**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Claims reported | 4,516 | 4,582 |
| IBNR | 2,228 | 1,940 |
| **Total provisions for claims** | **6,744** | **6,522** |

**Changes in liabilities arising from life insurance contracts**

| | Gross | | Of which reinsurance | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| At 1 January | 34,614 | 32,222 | 160 | 168 |
| Premiums received / paid | 696 | 723 | - | - |
| Regular interest added | 566 | 589 | 3 | 3 |
| Realised gains and losses | 263 | 52 | - | - |
| Amortisation of realised gains | -313 | -292 | - | - |
| Benefits | -1,622 | -1,625 | -11 | -10 |
| Technical result | -69 | -35 | 3 | -1 |
| Release of cost recovery | -124 | -131 | - | - |
| Changes in shadow accounting through equity | -1,081 | 571 | - | - |
| Changes in shadow accounting through income | -2,183 | 2,322 | - | - |
| Other changes | - | -29 | - | - |
| Changes in the composition of the group | - | 247 | - | - |
| **At 31 December** | **30,748** | **34,614** | **156** | **160** |
| | | | | |
| **Interest margin participation to be written down** | | | | |
| At 1 January | -11 | -16 | -2 | -2 |
| Write-down recognised in profit or loss | 1 | 8 | - | - |
| Other changes | -3 | -4 | - | - |
| **At 31 December** | **-13** | **-11** | **-2** | **-2** |
| | | | | |
| **Provision for discretionary profit sharing, bonusses and discounts** | | | | |
| At 1 January | 12 | 12 | - | - |
| Profit sharing, bonuses and discounts granted in the financial year | - | - | - | - |
| Other changes | - | - | - | - |
| Changes in the composition of the group | - | - | - | - |
| **At 31 December** | **12** | **12** | **-** | **-** |
| | | | | |
| **Total life insurance contracts at 31 December** | **30,747** | **34,615** | **154** | **158** |

The insurance liabilities are deemed to be adequate following the performance of the LAT taking into account the UFR of 3.60% for 2021 (2020: 3.75%). The future UFR used under Solvency II and therefore also used for the LAT is subject to developments in the real interest rate and based on the EIOPA UFR methodology published in 2017. This methodology has resulted in an UFR of 3.45% in 2022 with future decreases expected in the coming years. a.s.r. performed a sensitivity analysis on the impact of the development of the UFR as if the UFR would have been 3.45% and concluded that it still has a limited surplus of the insurance liabilities over the IFRS-LAT.

In 2021, the technical result increased by € 30 million, mainly driven by further optimisation of the investment portfolio, resulting in higher investment income and less adverse COVID-19 effects on investment income. This more than offset a lower result on disability cover in pensions as well as the regular run-off of the Individual life portfolio.

## 6.5.15.2 Claims development table, Non-life

The table below is a ten-year summary of movements in gross cumulative claims in connection with the Non-life portfolio for the period from 2012 to 2021.

## Ten-year summary of changes in gross cumulative claims

| 31 December 2021 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Claims year Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| At year end: | | | | | | | | | | | |
| 1st claims year | 2,213 | 2,109 | 2,020 | 2,067 | 2,256 | 2,275 | 2,383 | 2,453 | 2,652 | 3,065 | |
| 2013 | 2,121 | | | | | | | | | | |
| 2014 | 2,127 | 2,061 | | | | | | | | | |
| 2015 | 2,110 | 2,047 | 1,962 | | | | | | | | |
| 2016 | 2,111 | 2,043 | 1,965 | 2,026 | | | | | | | |
| 2017 | 2,124 | 2,057 | 1,955 | 2,057 | 2,271 | | | | | | |
| 2018 | 2,109 | 2,051 | 1,948 | 2,066 | 2,315 | 2,322 | | | | | |
| 2019 | 2,091 | 2,037 | 1,938 | 2,055 | 2,299 | 2,382 | 2,375 | | | | |
| 2020 | 2,088 | 2,019 | 1,913 | 2,050 | 2,318 | 2,387 | 2,452 | 2,471 | | | |
| 2021 | 2,098 | 2,002 | 1,898 | 2,030 | 2,297 | 2,354 | 2,513 | 2,536 | 2,628 | | |
| **Gross claims as at 31 December 2021** | **2,098** | **2,002** | **1,898** | **2,030** | **2,297** | **2,354** | **2,513** | **2,536** | **2,628** | **3,065** | |
| Cumulative gross paid claims | 1,902 | 1,796 | 1,683 | 1,748 | 1,929 | 1,909 | 1,913 | 1,842 | 1,785 | 1,366 | |
| **Gross outstanding claims liabilities (including IBNR)** | **196** | **206** | **215** | **281** | **368** | **445** | **601** | **693** | **842** | **1,699** | **5,546** |
| Claims liabilities prior years | | | | | | | | | | | 803 |
| Shadow accounting | | | | | | | | | | | 394 |
| **Total claim liabilities** | | | | | | | | | | | **6,744** |

| 31 December 2020 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | Claims year Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| At year end: | | | | | | | | | | | |
| 1st claims year | 1,986 | 2,213 | 2,109 | 2,020 | 2,067 | 2,256 | 2,275 | 2,383 | 2,453 | 2,652 | |
| 2012 | 1,909 | | | | | | | | | | |
| 2013 | 1,890 | 2,121 | | | | | | | | | |
| 2014 | 1,916 | 2,127 | 2,061 | | | | | | | | |
| 2015 | 1,907 | 2,110 | 2,047 | 1,962 | | | | | | | |
| 2016 | 1,910 | 2,111 | 2,043 | 1,965 | 2,026 | | | | | | |
| 2017 | 1,897 | 2,124 | 2,057 | 1,955 | 2,057 | 2,271 | | | | | |
| 2018 | 1,886 | 2,109 | 2,051 | 1,948 | 2,066 | 2,315 | 2,322 | | | | |
| 2019 | 1,893 | 2,091 | 2,037 | 1,938 | 2,055 | 2,299 | 2,382 | 2,375 | | | |
| 2020 | 1,880 | 2,088 | 2,019 | 1,913 | 2,050 | 2,318 | 2,387 | 2,452 | 2,471 | | |
| **Gross claims as at 31 December 2020** | **1,880** | **2,088** | **2,019** | **1,913** | **2,050** | **2,318** | **2,387** | **2,452** | **2,471** | **2,652** | |
| Cumulative gross paid claims | 1,710 | 1,873 | 1,766 | 1,652 | 1,706 | 1,879 | 1,845 | 1,822 | 1,719 | 1,150 | |
| **Gross outstanding claims liabilities (including IBNR)** | **170** | **214** | **253** | **261** | **343** | **440** | **543** | **629** | **751** | **1,503** | **5,107** |
| Claims liabilities prior years | | | | | | | | | | | 768 |
| Shadow accounting | | | | | | | | | | | 648 |
| **Total claim liabilities** | | | | | | | | | | | **6,522** |

For the acquired entities gross claims in the claims development table includes claims from the original date of the claim.

### 6.5.15.3 Liabilities arising from insurance contracts on behalf of policyholders

**Changes in liabilities arising from insurance contracts on behalf of policyholders**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 13,137 | 12,477 |
| Premiums received | 1,042 | 913 |
| Interest added | 85 | 89 |
| Benefits | -1,362 | -970 |
| Effect of fair value changes related to financial assets | 1,636 | 471 |
| Technical result | 24 | 24 |
| Release of cost recovery | -75 | -81 |
| Other changes | 80 | 36 |
| Changes in the composition of the group | - | 178 |
| **At 31 December** | **14,566** | **13,137** |

At year-end 2021, the liabilities included a guarantee provision for a carrying amount of € 46 million (2020: € 49 million) and a provision related to unit-linked insurance contracts and pension contracts for a carrying amount of € 43 million (2020: € 45 million). These provisions relate to compensation for the cost of these contracts.

An amount of € 89 million of the liabilities arising from insurance contracts on behalf of policyholders is related to the a.s.r. DC pension plans.

Other changes relates to the transfer of insurance contracts to insurance contracts on behalf of policyholders due to new product features provided. .

Liabilities arising from insurance contracts on behalf of policyholders also include liabilities where conversions and switches have occurred in the insurance contract administration. The insurance contract still meets the definition of and continues to be classified as an insurance contract on behalf of policyholders and therefore continues to be included in the insurance contracts on behalf of policyholders administration. However, as a result of the conversion and switches, liabilities arising from insurance contracts on behalf of policyholders amounting to € 2,919 million (2020: € 2,913 million) are, in the classification and subsequent presentation, not backed directly with investments on behalf of policyholders. The related investments are included and presented in investments (available for sale) and loans and receivables.

## 6.5.16 **Liabilities arising from investment contracts**

See accounting policies L.

**Liabilities arising from investment contracts**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | - | - |
| Gross premiums and deposits | 279 | - |
| Withdrawals | -31 | - |
| Effect of fair value changes related to financial assets | 175 | - |
| Interest credited | 10 | - |
| Changes in the composition of the group | 1,524 | - |
| Other changes | -4 | - |
| **At 31 December** | **1,952** | **-** |

The liabilities arising from investment contracts relate to the acquisition of Brand New Day IORP, see chapter 6.4.5.

## 6.5.17 **Employee benefits**

See accounting policy M.

| Employee benefits | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Post-employment benefits pensions | 3,990 | 4,228 |
| Post-employment benefits other than pensions | 9 | 10 |
| **Post-employment benefit obligation** | **3,999** | **4,238** |
| | | |
| Other long-term employee benefits | 14 | 15 |
| | | |
| **Total** | **4,013** | **4,253** |

| Costs of post-employment and other long-term employee benefits | 2021 | 2020 |
|---|---|---|
| Post-employment benefits pensions | -80 | -111 |
| Post-employment benefits other than pensions | - | - |
| **Total** | **-80** | **-111** |
| | | |
| Other long term employee benefits | - | -1 |
| | | |
| **Cost of post-employment and other long-term employee benefits** | **-80** | **-112** |

The costs of the post-employment benefits pensions relate to the new DC pension plan of a.s.r., the previous DB plans of a.s.r., plus the DC plans of the other group companies.

An amount of € 3,878 million (2020: € 4,127 million) of the employee benefits is expected to be settled more than twelve months after the balance sheet date.

### 6.5.17.1 Post-employment benefits pensions

a.s.r. has a number of DC and DB post-employment benefit plans for its employees and former employees. The majority of employees are formally employed by a.s.r. A limited amount of employees are employed by other group companies. The pension plans of other group companies are disclosed in a separate section in this chapter.

a.s.r. life, an insurance company and a group entity, is the insurer of the majority of the post-employment benefit plans, being both the DC plans as well as the DB plans. As this company holds the separated investments that are meant to cover the employee benefit obligation for the DB plans, they do not qualify as plan assets in accordance with IAS 19 and are therefore included in financial assets.

#### a.s.r. employees

The post-employment DB plan of a.s.r. has ended as per 31 December 2020. A new DC plan has been introduced and started from 1 January 2021. The net defined benefit obligation will continue to exist, but no further regular annual premium contributions will be paid to the plan. The recognised expenses for the DC plan in 2021 amounts to € 50 million.

The new DC plan has two components with defined benefit elements with a marginal impact; survivors' pension and the option to buy a guaranteed income.

In 2020, as a result of the agreed change in the a.s.r. pension scheme in 2020, the defined benefit obligations for all the DB plans have been recalculated which resulted in a past service cost of € 56 million, presented for € 59 million as part of the other expenses and for € 3 million as part of other income in the income statement.

The past service cost presented in 2021 relates to developments in relation to the ended DB plan (ended 31 December 2020) of a.s.r. This results in a past service cost of € 93 million pre-tax in 2021 (2020: € 59 million).

The former employees of Brand New Day IORP became employees of a.s.r. and subsequently participants in the a.s.r. post-employment DC plan as of 1 April 2021.

All pension build up for existing and new employees as of 1 January 2021 are included in the post employment DC plans. All employees who commenced service between 1 January 2006 and 31 December 2020 are included in one post-employment DB plan ('Basic plan'). All other employees remain active within the existing plan at the date of first employment. Previous plans for former employees are also still active.

The post-employment DB en DC plans for employees that are employed by a.s.r. are insured by a.s.r. life.

The methods and techniques used to calculate the DB obligations are based on IAS 19 requirements and calculated by an independent actuary.

The benefits under these plans are dependent on factors such as years of service and compensation. Pension obligations are determined using mortality tables, the rate of employee turnover, wage drift and economic assumptions for factors such as inflation, and the discount rate.

As per 31 December 2020 the contribution to the DB pension scheme ended, therefore no accrual rate (2020: 1.875%) and pensionable salary (2020: € 103,780) and minimum franchise is required for this scheme.

- The 2020 DB pension scheme had a retirement age of 68 years.
- The DB scheme was based on average-salary pension; and
- Future inflation indexation is conditional.

## Other group companies employees

The other group companies, which are entities operating in the Distribution and Services segment, have DC plans, insured with a.s.r. life. The recognised expenses for these DC plans in 2021 amounts to € 5 million (2020: € 3 million).

## Net defined benefit liability

**Defined benefit obligation for all the above mentioned plans**

| | 2021 | 2020 |
|---|---|---|
| **Net defined benefit liability at 1 January** | **4,228** | **3,835** |
| | | |
| **Included in income statement** | | |
| Current service cost, contributions by employer | - | 68 |
| Interest cost | 17 | 39 |
| Past service cost | 93 | 56 |
| **Total** | **111** | **163** |
| | | |
| **Remeasurement of liabilities included in OCI** | | |
| Discount rate change | -325 | 437 |
| Other assumptions change | -12 | -99 |
| Experience adjustments | 88 | -22 |
| **Total** | **-249** | **315** |
| | | |
| Current service cost, contributions by employee | - | 10 |
| Benefits | -101 | -99 |
| Transfer | 2 | 2 |
| | | |
| **Net defined benefit liability at 31 December** | **3,990** | **4,228** |
| | | |
| **At 31 December** | | |
| Defined benefit obligation | 3,990 | 4,228 |
| Fair value of plan assets | - | - |
| Net defined benefit liability | 3,990 | 4,228 |

Employees account for 25% (2020: 26%) of the DB obligation, 41% (2020: 39%) of the DB obligation relates to former employees currently receiving pension benefits, 31% (2020: 32%) of the DB obligation relates to deferred pensioners and 3% (2020: 3%) of the DB obligation relates to other members.

The discount rate was 0.90% at 31 December 2021 (31 December 2020: 0.43%), resulting in a € 338 million decrease (2020: € 459 million increase) in the DB obligation.

As per 31 December 2020 the duration of the DB obligation was 18 years (2020: 19 years).

The change in other assumptions amounts to € -12 million (2020: € -99 million) primarily due to a change in indexation percentage of former employees.

Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions. The following table provides information about experience adjustments with respect to qualifying plan assets and the DB obligation:

**Experience adjustments**

| Amounts in € thousand | 2021 | 2020 |
|---|---|---|
| Experience adjustments to qualifying investments, gain (loss) | - | - |
| As a % of qualifying investments as at 31 December | 0.0% | 0.0% |
| Experienced adjustments to defined benefit obligation, loss (gain) | -87,948 | 22,040 |
| As a % of liabilities as at 31 December | 2.2% | -0.5% |

## Assumptions

**The principal actuarial assumptions and parameters at year-end**

| | 2021 | 2020 |
|---|---|---|
| Discount rate | 0.9% | 0.4% |
| Future salary increases (including price inflation and merit) | n.a. | 1.4% |
| Future pension increases (including price inflation) | n.a. | 1.3% |
| Indexation % employees | 2.2% | 1.4% |
| Indexation % former employees | 2.2% | 1.3% |
| Accrual rate | n.a. | 1.9% |
| Mortality (years) | 19.7 | 19.7 |
| Expected remaining service years | - | 7.9 |

In the calculation of the DB obligation the:
- Discount rate is based on an internal curve for high quality corporate bonds;
- Most recent mortality table 'AG Prognosetafel 2020' is used, in combination with a.s.r. specific experience factors for the pension portfolio;
- The period of indexation is based on the expected duration of the separate account to fund the future inflation indexation.

The sensitivity of the above actuarial assumptions to feasible possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the DB obligation by the amounts shown below:

**Sensitivity of actuarial assumptions**

| | Increase | Decrease |
|---|---|---|
| Discount rate (1% movement) | -591 | 777 |
| Indexation employees (1% movement) | 16 | -15 |
| Indexation former employees (1% movement) | 52 | -50 |
| Future mortality (1 year movement) | -145 | 146 |

## Non-qualifying plan assets

The portfolio of global investments (non-qualifying assets) held by a.s.r. life to cover the employee benefit expense of the DB plans can be broken down as follows:

**Breakdown of global investments held by a.s.r. life**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Equities | 17.9% | 15.8% |
| Fixed-interest securities | 74.4% | 76.8% |
| Real estate | 5.3% | 5.1% |
| Cash | 0.2% | 0.1% |
| Other | 2.2% | 2.2% |

For the non-qualifying assets backing the post-employment benefit plans, a.s.r. has drawn up general guidelines for the asset mix based on criteria such as geographical location and ratings. To ensure the investment guidelines remain in line with the conditions of the post-employment benefit obligations, a.s.r. regularly performs Asset Liability Management (ALM) studies. Transactions in the non-qualifying assets are done within the guidelines. As the post-employment benefit plans are a liability on group level, the underlying insurance and market risks are in scope of a.s.r.'s risk policies (see chapter 6.8). The overall interest-rate risk of the group is managed using interest-rate swaps and swaptions. a.s.r. life manages the interest rate risk through an overlay interest hedging strategy using swaps and swaptions for the company as a whole (see chapter 6.8.3). The swaps and swaptions are not specifically allocated to the a.s.r. post-employment benefit plans. Therefore the (un)realised gains and losses from swaps and swaptions as a whole are accounted for in liabilities arising from insurance contracts, in accordance with the shadow accounting policy, whereas the impact of changes in interest rates on the provisioning for employee benefits based on IAS19 is part of actuarial gains and losses that are recognised in equity (see chapter 6.5.13.3).

The non-qualifying assets, which are managed by a group company, are not presented as part of the net DB obligation. At year-end 2021, the fair value of these assets amounted to € 2,651 million (2020: € 2,664 million), which includes the separate account to fund future inflation indexation amounting to € 192 million (2020: € 242 million). As mentioned above, the swaps and swaptions have not been allocated directly to the post-employment benefit obligations; neither are they included as part of the fair value of the non-qualifying assets managed by the group company.

Under IFRS, assets managed by insurance companies that form part of the group do not qualify as qualifying assets. Investment income from these assets has therefore not been included in the above figures but is recognised as investment income separately. Actual investment returns for 2021 amounted to € 81 million (2020: € 58 million), which includes the investment income on the separate account to fund future inflation indexation amounting to € 14 million (2020: € 1 million). These returns have been recognised in investment income (see chapter 6.6.2).

The separate account to fund future inflation indexation is utilised to fund the future inflation indexation for the employees and former employees included in the a.s.r. post-employment benefit plans. As such this has been included in the assumption used in calculating the DB obligation.

### 6.5.17.2 Post-employment benefits other than pensions

The other post-employment benefits plans consist of personnel arrangements for financial products (such as mortgages and health insurance), which remain in place after retirement.

**Changes in the defined benefit obligation**

| | 2021 | 2020 |
|---|---|---|
| **Defined benefit obligation at 1 January** | **10** | **11** |
| | | |
| **Included in income statement** | | |
| Other | - | - |
| **Total** | **-** | **-** |
| | | |
| **Remeasurement of liabilities included in OCI** | | |
| Discount rate change | - | - |
| Other assumptions change | - | - |
| **Total** | **-** | **1** |
| | | |
| Benefits | -1 | -1 |
| | | |
| **Defined benefit obligation at 31 December** | **9** | **10** |

Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions. The following table provides information about experience adjustments with respect to qualifying plan assets and the DB obligation:

**Experience adjustments to defined benefit obligation**

| Amounts in € thousands | 2021 | 2020 |
|---|---|---|
| Experience adjustments to defined benefit obligation, loss (gain) | 385 | -746 |
| As a % of liabilities as at 31 December | 4.2% | -7.2% |

| Principal actuarial assumptions and parameters at year-end | 2021 | 2020 |
|---|---|---|
| Discount rate | 0.6% | 0.2% |

In accordance with a.s.r.'s policy, discounts on employee mortgages have been fixated in amounts granted on the reference date December 2017.

In the calculation of the DB obligation the:
- Discount rate is based on an internal curve for high quality corporate bonds;
- Most recent mortality table 'AG Prognosetafel 2020' is used, in combination with a.s.r. specific experience factors for the pension portfolio;

The sensitivity of the above actuarial assumptions to feasible possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the DB obligation by the amounts of € 1 million increase (2020: € 1 million increase) or € 1 million decrease (2020: € 1 million decrease) as a result of a movement of the discount rate by 1%.

### 6.5.17.3 Other long-term employee benefits

Other long-term employee benefits consist of the employer's share of liabilities arising from long-term services, such as jubilee benefits.

| Changes in other long-term employee benefits | 2021 | 2020 |
|---|---|---|
| **Net liability as at 1 January** | **15** | **14** |
| | | |
| Total expenses | - | 1 |
| Other | -1 | -1 |
| | | |
| **Net liability as at 31 December** | **14** | **15** |

| Underlying assumptions | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Discount rate | 0.5% | -0.1% |
| Salary increases | 2.2% | 1.4% |
| Expected remaining service years | 8.1 | 8.0 |

## 6.5.18 **Provisions**

| Changes in provisions | 2021 | 2020 |
|---|---|---|
| At 1 January | 24 | 54 |
| Additional foreseen amounts | 11 | 9 |
| Reversal of unused amounts | -4 | -18 |
| Usages in course of year | -14 | -22 |
| Other | 7 | 1 |
| | | |
| **At 31 December** | **24** | **24** |

The provisions were created for:
- VAT and legal issues;
- Dismantling costs wind turbines;
- Employee restructuring expenses;
- Retention of disability risk instead of insuring it with UWV (Employed Persons Insurance Administration Agency); and
- Other expenses.

The provision for VAT and legal issues is based on best estimates available at year-end, making allowance for expert opinions.

The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and the time required for the settlement of disputes.

The provisions for employee restructuring are based on arrangements agreed in the Collective Bargaining Agreement, restructuring plans, and on decisions made by a.s.r.'s management.

Reversal of unused amounts in 2020 reflects a favourable ruling in a lawsuit in which a.s.r. was involved regarding a real estate development project.

An amount of € 11 million (2020: € 17 million) of the provisions is expected to be settled within twelve months after the balance sheet date.

## 6.5.19 Borrowings

See accounting policies AA and BB.

**Borrowings**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Loans | 137 | 33 |
| Lease liabilities | 55 | 21 |
| **Total Borrowings** | **192** | **54** |

As at year-end, borrowings had the following terms to maturity:

**Maturity of borrowings**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Maturity - Falling due within 1 year | 9 | 12 |
| Maturity - Falling due between 1 and 5 years | 58 | 20 |
| Maturity - Falling due after 5 years | 124 | 22 |
| **Maturity Borrowings** | **192** | **54** |

Borrowings increased mainly due to the acquisition of wind farm Wieringermeer, which was partially financed by a loan of € 113 million. At year-end 2021, the fair value of borrowings was € 192 million (2020: € 54 million). For information regarding the fair value, see chapter 6.7.1.2. The average interest rate payable on loans was 0.59% (2020: 1.32%). The average incremental borrowing rate on the lease liabilities was 1.63% (2020: 1.77%).

## 6.5.20 Due to customers

See accounting policy AA.

**Amounts due to customers**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Debts to policyholders, agents and intermediaries | 528 | 504 |
| Debt to reinsurers | 44 | 49 |
| **Total due to customers** | **573** | **553** |

For information regarding the fair value, see chapter 6.7.1.2.

An amount of € 44 million (2020: € 46 million) of due to customers is expected to be settled more than twelve months after balance sheet date.

## 6.5.21 **Due to banks**

See accounting policy AA.

The amounts due to banks decreased from € 7,996 million to € 5,741 million primarily as a result of the decrease in liability recognised for cash collateral received under ISDAs (International Swaps and Derivatives Association) and CCAs (Client Clearing Agreement) concluded with counterparties (see chapter 6.5.12). There is no significant difference between the carrying amount and the fair value of these liabilities (see chapter 6.7.1.2).

a.s.r. increased its unsecured revolving facility to an amount of € 400 million (2020: € 350 million). As per the year end 2021 there are no drawings under the facility which means that it is fully available. The facility can be used for multiple purposes including investment purposes, balance sheet management, and for short-term cash flow management.

The average interest rate for the cash collateral received in 2021 is -0.48% and mainly based on EONIA / €STR (2020: -0.46% (EONIA / €STR)). There are no specific terms and conditions, because these depend on the development of the value of the underlying instrument. a.s.r. has bonds that have been transferred as a result of reverse repurchase agreements, but do not qualify for derecognition amounting to nil (2020: nil). The asset recognised for cash collateral paid on reverse repurchase agreements is presented under loans and receivables. The liability recognised for cash collateral received on repurchase agreements is presented under due to banks.

The entire amount of the due to banks is expected to be settled less than or equal to twelve months after the balance sheet date.

## 6.5.22 **Other liabilities**

See accounting policy AA.

**Other liabilities**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Financial liabilities** | | |
| Accrued Interest | 93 | 98 |
| Trade payables | 15 | 13 |
| | | |
| **Non-financial liabilities** | | |
| Deferred income | 110 | 111 |
| Short-term employee benefits | 26 | 19 |
| Tax payable | 129 | 102 |
| Other non-financial liabilities | 605 | 609 |
| | | |
| **Total other liabilities** | **976** | **951** |

The other non-financial liabilities of € 605 million (2020: € 609 million) consist, amongst others, of payables, accruals related to investments and construction depots for rural housing mortgages.

There is no difference between the carrying value of other liabilities and their fair value (see chapter 6.7.1.2).

An amount of € 24 million (2020: € 29 million) of the other liabilities is expected to be settled more than one year after the balance sheet date.

# 6.6 **Notes to** the consolidated income statement

## 6.6.1 **Gross insurance premiums**

See accounting policy CC.

**Composition of gross insurance premiums**

| | 2021 | 2020 |
|---|---|---|
| **Non-life insurance contracts – gross earned premiums** | **4,138** | **3,665** |
| | | |
| Life insurance contracts retained exposure | 696 | 723 |
| Life insurance contracts on behalf of policyholders | 1,042 | 913 |
| **Total life insurance contracts** | **1,738** | **1,635** |
| | | |
| **Total gross insurance premiums** | **5,875** | **5,300** |

The table below provides an overview of total gross earned non-life insurance premiums.

**Gross insurance premiums Non-life**

| | 2021 | 2020 |
|---|---|---|
| Gross premiums written | 4,121 | 3,641 |
| Changes in provisions for unearned premiums | 16 | 24 |
| | | |
| **Gross insurance premiums** | **4,138** | **3,665** |

| Non-recurring and regular life insurance premiums | | |
|---|---|---|
| | 2021 | 2020 |
| **Retained exposure Group** | | |
| Non-recurring premiums written | 129 | 95 |
| Periodic premiums written | 112 | 124 |
| **Group total** | **242** | **219** |
| | | |
| **Retained exposure Individual** | | |
| Non-recurring premiums written | 20 | 33 |
| Periodic premiums written | 434 | 471 |
| **Individual total** | **454** | **504** |
| | | |
| **Total contracts retained exposure** | **696** | **723** |
| | | |
| **On behalf of policyholders Group** | | |
| Non-recurring premiums written | 194 | 173 |
| Periodic premiums written | 661 | 558 |
| **Group total** | **855** | **731** |
| | | |
| **On behalf of policyholders Individual** | | |
| Non-recurring premiums written | 55 | 10 |
| Periodic premiums written | 133 | 172 |
| **Individual total** | **187** | **182** |
| | | |
| **Total contracts on behalf of policyholders** | **1,042** | **913** |
| | | |
| **Total life insurance contracts** | **1,738** | **1,635** |

A total amount of € 157 million (2020: € 177 million) has been eliminated in the consolidation process and is therefore not included in the gross insurance premiums. This relates to the a.s.r. post-employment benefit plans of € 140 million (2020: € 163 million), investment fees of € 15 million (2020: € 12 million) and disability premiums of € 2 million (2020: € 2 million).

## 6.6.2 Investment income

See accounting policy DD.

| Breakdown of investment income per category | | |
|---|---|---|
| | 2021 | 2020 |
| Interest income from receivables due from credit institutions | 110 | 124 |
| Interest income from investments | 331 | 339 |
| Interest income from amounts due from customers | 278 | 258 |
| Interest income from derivatives | 574 | 507 |
| Other interest income | 54 | 54 |
| **Interest income** | **1,347** | **1,282** |
| | | |
| Dividend on equities | 78 | 60 |
| Dividend on real estate equity funds | 58 | 63 |
| Dividend on mortgage equity funds | 21 | 20 |
| Rentals from investment property | 64 | 60 |
| Other investment income | 3 | 4 |
| **Dividend and other investment income** | **224** | **206** |
| | | |
| **Total Investment income** | **1,571** | **1,488** |

The effective interest method has been applied to an amount of € 715 million (2020: € 719 million) of the interest income from financial assets not classified at fair value through profit or loss. Included within interest income is € 4 million (2020: € 5 million) of interest received on impaired fixed-income securities.

The COVID-19 developments led to lower dividends received from real estate equity funds mainly due to lower rental income from retail property. Dividend income on equities have recovered from the COVID-19 impact shown in prior year.

## 6.6.3 Realised gains and losses

See accounting policy EE.

**Realised gains and losses per category**

| | 2021 | 2020 |
|---|---|---|
| **Associates and joint ventures at equity method** | | |
| - Realised gains | 33 | - |
| | | |
| **Investments available for sale** | | |
| **Fixed-income securities** | | |
| - Realised gains | 261 | 242 |
| - Realised losses | -10 | -3 |
| **Equities** | | |
| - Realised gains | 186 | 158 |
| - Realised losses | -9 | -10 |
| | | |
| **Loans and receivables** | | |
| - Realised gains | 28 | 10 |
| | | |
| **Total realised gains and losses** | **490** | **396** |

Realised gains on associates and joint ventures at equity method mainly relates to the step up acquisition of Brand New Day IORP, see chapter 6.4.5. Realised gains on loans and receivables mainly relate to a.s.r. mortgages sold to external parties.

Reversal of impairments on fixed-income securities, including loans and receivables, as a result of disposal amounts to € 57 million (2020: € 9 million).

## 6.6.4 Fair value gains and losses

See accounting policy FF.

**Fair value gains and losses per category**

| | 2021 | 2020 |
|---|---|---|
| Realised gains and losses on derivatives | -46 | -38 |
| Unrealised gains and losses on derivatives | -2,358 | 2,430 |
| Gains and losses on investment property and property for own use | 91 | 70 |
| Financial assets at fair value through profit or loss | 172 | -108 |
| Changes in insurance liabilities due to shadow accounting | 2,250 | -2,404 |
| | | |
| **Total fair value gains and losses** | **110** | **-49** |

All changes in fair value presented here are changes to the so-called ‘clean fair value’. This is the fair value net of accrued interest recognised in interest income and expense.

The unrealised losses on derivatives are due to increasing interest rates, most of these are shadowed and added to insurance liabilities, see chapter 6.5.15.

## 6.6.5 Fee and commission income

See accounting policy II.

| Fee and commission income | | |
|---|---|---|
| | 2021 | 2020 |
| Asset management for third parties | 96 | 81 |
| Commission on reinsurance | 23 | 25 |
| Other fee and commission income | 84 | 43 |
| | | |
| **Total fee and commission income** | **204** | **149** |

Other fee and commission income increased mainly due to acquisitions and organic growth in segment Distribution and Services and fee income received from the newly acquired business Brand New Day IORP, see chapter 6.4.5.

## 6.6.6 **Other income**

| Other income | | |
|---|---|---|
| | 2021 | 2020 |
| Proceeds from sales of property developments | 32 | 23 |
| Other income | 23 | 57 |
| | | |
| **Total other income** | **56** | **81** |

## 6.6.7 **Net insurance claims and benefits**

See accounting policy KK.

| Net insurance claims and benefits | | |
|---|---|---|
| | 2021 | 2020 |
| **Total Non-life and Life** | | |
| Insurance claims and benefits | -6,846 | -5,082 |
| Insurance claims and benefits recovered from reinsurers | 29 | 30 |
| | | |
| **Net insurance claims and benefits** | **-6,817** | **-5,051** |
| | | |
| **Non-life** | | |
| Claims paid | -2,595 | -2,337 |
| Changes in provision for outstanding claims | -469 | -387 |
| Amortisation of VOBA | -14 | -14 |
| **Insurance claims and benefits** | **-3,079** | **-2,738** |
| | | |
| Insurance claims and benefits recovered from reinsurers | 23 | 28 |
| | | |
| **Net insurance claims and benefits, Non-life** | **-3,056** | **-2,710** |
| | | |
| **Life** | | |
| Claims paid | -2,983 | -2,594 |
| Changes in liabilities arising from insurance contracts | 592 | 729 |
| Changes in liabilities arising from insurance contracts on behalf of policyholders | -1,368 | -469 |
| Amortisation of VOBA | -8 | -9 |
| **Insurance claims and benefits** | **-3,768** | **-2,344** |
| | | |
| Insurance claims and benefits recovered from reinsurers | 7 | 3 |
| | | |
| **Net insurance claims and benefits, Life** | **-3,761** | **-2,341** |

The non-life claims paid increase was mainly due to portfolio growth, especially from Health.

The positive impact by COVID-19 on non-life insurance claims increased compared to previous year. Claims at P&C, particularly in motor and fire, decreased further. In 2021, this was partly offset by a negative impact at Disability due to adjusted expectations for long-term sickness absence by COVID-19 and delays in recovery and reintegration into work processes. The impact of COVID-19 and deferred care on claims in Health remained limited.

In line with previous year, the insurance claims and benefits of the Life segment were marginally affected by COVID-19. The impact on the mortality result is negligible, due to diversification of the various product lines.

The extreme flooding in Limburg led to additional damage claims (€ 20 million) on the Non-life segment in the second half of the year 2021.

## 6.6.8 Operating expenses

See accounting policy KK.

**Operating expenses**

| | 2021 | 2020 |
|---|---|---|
| Salaries and wages | -292 | -273 |
| Social security contributions | -37 | -35 |
| Employee benefit charges | -58 | -72 |
| Employee discounts | -3 | -3 |
| Other short term employee benefits | -6 | -8 |
| **Total cost of internal staff** | **-396** | **-391** |
| | | |
| Cost of external staff | -83 | -88 |
| Consultancy costs and fees | -110 | -100 |
| Marketing, advertising and public relations expenses | -20 | -15 |
| Technology and system costs | -63 | -57 |
| Amortisation of other intangible assets | -10 | -8 |
| Depreciation of property, plant and equipment | -19 | -16 |
| Other operating expenses | -24 | -26 |
| **Total other operating expenses** | **-329** | **-310** |
| | | |
| **Total operating expenses** | **-725** | **-701** |

The increase in total operating expenses is primarily a result of various acquisitions (see chapter 6.4.5) and organic growth, partly offset by lower costs of the new post-employment DC pensions plan (see chapter 6.5.17.1).

Other operating expenses include travel and subsistence, telephone and personnel training expenses.

**Segmentation of a.s.r.'s internal workforce**

| Segments | 2021 | 2020 |
|---|---|---|
| Non-life | 1,508 | 1,524 |
| Life | 493 | 464 |
| Asset Management | 373 | 347 |
| Distribution and Services | 706 | 680 |
| Holding and Other | 1,075 | 1,027 |
| | | |
| **Total workforce in FTE** | **4,155** | **4,042** |

The increase of a.s.r.'s total internal work force is mainly the result of the acquisition of Brand New Day IORP (see chapter 6.4.5) and more IT&C capacity for change projects.

Employees related to administrative activities and overhead are allocated to segment Holding and Other.

## 6.6.9 Impairments

See accounting policy MM.

**Summary of impairments**

| | 2021 | 2020 |
|---|---|---|
| Intangible assets | -9 | -117 |
| Investments available for sale | -13 | -61 |
| Loans and receivables | -1 | 11 |
| | | |
| **Total impairments** | **-22** | **-167** |

| Changes in impairments of investments available for sale | | |
|---|---|---|
| | 2021 | 2020 |
| Equities | -15 | -63 |
| Reversal of impairments on collateralised debt obligations | 3 | 2 |
| **Total changes in impairments of investments available for sale** | **-13** | **-61** |

The impairments on intangible assets are related to the partial impairment of goodwill in the Distribution and Services segment (€ -9 million in 2021 and € -27 million in 2020) and impairments of goodwill in the Life segment (€ -90 million in 2020).

## 6.6.10 Interest expense

| Breakdown of the interest expense | | |
|---|---|---|
| | 2021 | 2020 |
| Interest on employee benefits | -20 | -39 |
| Interest on derivatives | -253 | -198 |
| Interest owed to banks | -38 | -44 |
| Interest on subordinated liabilities | -44 | -44 |
| Interest on borrowings | -1 | -1 |
| Other interest expenses | -6 | -5 |
| **Total interest expense** | **-362** | **-331** |

Included within interest owed to banks is an amount of € 31 million (2020: € 32 million) relating to negative interest paid on cash and cash equivalents.

## 6.6.11 Other expenses

| Other expenses | | |
|---|---|---|
| | 2021 | 2020 |
| Costs associated with sale of development property | -26 | - |
| Operation expenses of investment property | -10 | -18 |
| Other expenses | -149 | -123 |
| **Total other expenses** | **-185** | **-141** |

The costs associated with sale of development property of € 26 million mainly concerns the cost price of residential property sold.

The increase in the line item other expenses mainly relates to the reassessment of the past service costs related to the defined benefit obligation € 90 million (2020: € 59 million), see chapter 6.5.17.1, and the change in the provision for irrecoverable claims relating to negative interest surplus on pension portfolio of € 24 million (2020: € 36 million).

## 6.6.12 Income tax (expense) / gain

See accounting policy NN.

## Income tax (expense) / gain

| | 2021 | 2020 |
|---|---|---|
| Current taxes for the current period | -188 | -149 |
| Current taxes referring to previous periods | 26 | 17 |
| **Total current tax** | **-162** | **-132** |
| | | |
| Deferred taxes arising from current period | -105 | -65 |
| Deferred taxes arising from changes in tax rates | -3 | 25 |
| **Total deferred tax** | **-108** | **-40** |
| | | |
| **Income tax (expense) / gain** | **-270** | **-172** |

The expected income tax expense is determined by applying the tax rate in the Netherlands to the result before tax. In 2021, this rate was 25.0% (2020: 25.0%). The enacted tax rate for 2022 will be 25.8%.

The table below shows a reconciliation of the expected income tax expense with the actual income tax expense.

## Reconciliation of expected income tax (expense) / gain with the actual income tax (expense) / gain

| | 2021 | 2020 |
|---|---|---|
| Result before tax | 1,209 | 829 |
| Current tax rates | -25.0% | -25.0% |
| **Expected income tax expense** | **-302** | **-207** |
| | | |
| **Effects of:** | | |
| Tax-exempt interest | 3 | 3 |
| Tax on interest on other equity instruments | 12 | 12 |
| Tax-exempt dividends | 5 | 4 |
| Tax-exempt capital gains | 12 | 5 |
| Changes in impairments | -2 | -30 |
| Adjustments for taxes due on previous financial years | 5 | 15 |
| Other effects | -3 | 26 |
| | | |
| **Total Income tax (expense) / gain** | **-270** | **-172** |

The result is almost entirely earned and taxable in the Netherlands.

The effective income tax rate is 22.4% (2020: 20.7%).

The effect of changes in the enacted tax rate are included in the other effects (2020: mainly concerns the release of the in 2019 proposed tax rate of 21.7%).

# 6.7 Other notes

## 6.7.1 Fair value of assets and liabilities

See accounting policy B.

## 6.7.1.1 Financial assets and liabilities measured at fair value

### Breakdown of financial assets measured at fair value

| 31 December 2021 | Fair value based on quoted prices in an active market<br>Level 1 | Fair value based on observable market data<br>Level 2 | Fair value not based on observable market data<br>Level 3 | Total fair value |
|---|---|---|---|---|
| **Financial assets** | | | | |
| | | | | |
| **Investments available for sale** | | | | |
| Government bonds | 13,889 | 260 | - | 14,149 |
| Corporate bonds | 10,762 | 53 | 12 | 10,827 |
| Asset-backed securities | 17 | 5 | 508 | 530 |
| Preference shares | - | 307 | 4 | 311 |
| Equities | 3,110 | 679 | 321 | 4,111 |
| Mortgage equity funds | - | - | 398 | 398 |
| Other participating interests | 7 | - | - | 7 |
| | **27,786** | **1,304** | **1,243** | **30,333** |
| | | | | |
| **Investments at fair value through profit or loss** | | | | |
| Equities | 12 | - | 6 | 18 |
| Real estate equity funds | - | - | 2,202 | 2,202 |
| Mortgage equity funds | - | - | 781 | 781 |
| Rural property contracts | - | - | 215 | 215 |
| | **12** | **-** | **3,205** | **3,216** |
| | | | | |
| **Investments on behalf of policyholders** | | | | |
| Government bonds | 1,626 | - | - | 1,626 |
| Corporate bonds | 787 | - | - | 787 |
| Derivatives | - | 6 | - | 6 |
| Equities | 8,645 | - | - | 8,645 |
| Real estate equity funds | 249 | - | - | 249 |
| Mortgage equity funds | - | - | 234 | 234 |
| Cash and cash equivalents | 18 | - | - | 18 |
| Other investments | 6 | 4 | - | 9 |
| | **11,331** | **9** | **234** | **11,574** |
| | | | | |
| **Investments related to investment contracts** | | | | |
| Equities | 1,794 | - | - | 1,794 |
| Real estate equity funds | 119 | - | - | 119 |
| Cash and cash equivalents | 39 | - | - | 39 |
| | **1,952** | **-** | **-** | **1,952** |
| | | | | |
| **Derivatives** | | | | |
| Foreign exchange contracts | - | 25 | - | 25 |
| Interest rate contracts | | | | |
| - Swaps | - | 5,870 | - | 5,870 |
| - Options | - | 237 | - | 237 |
| - Futures | 37 | - | - | 37 |
| Inflation linked swaps | - | 14 | - | 14 |
| Equity index contracts | 28 | - | - | 28 |
| | **65** | **6,147** | **-** | **6,212** |
| | | | | |
| **Cash and cash equivalents** | 2,306 | - | - | 2,306 |
| | | | | |
| **Total financial assets** | **43,452** | **7,460** | **4,682** | **55,593** |

## Breakdown of financial liabilities measured at fair value

| 31 December 2021 | Fair value based on quoted prices in an active market<br>Level 1 | Fair value based on observable market data<br>Level 2 | Fair value not based on observable market data<br>Level 3 | Total fair value |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| | | | | |
| **Liabilities arising from investment contracts** | 1,952 | - | - | 1,952 |
| | | | | |
| **Derivatives** | | | | |
| Foreign exchange contracts | - | 78 | - | 78 |
| Interest rate contracts | | | | |
| - Swaps | - | 678 | - | 678 |
| - Futures | - | 3 | - | 3 |
| | **-** | **759** | **-** | **759** |
| | | | | |
| **Total financial liabilities** | **1,952** | **759** | **-** | **2,711** |

## Breakdown of financial assets measured at fair value

| 31 December 2020 | Fair value based on quoted prices in an active market<br>Level 1 | Fair value based on observable market data<br>Level 2 | Fair value not based on observable market data<br>Level 3 | Total fair value |
|---|---|---|---|---|
| **Financial assets** | | | | |
| | | | | |
| **Investments available for sale** | | | | |
| Government bonds | 17,381 | 9 | - | 17,390 |
| Corporate bonds | 11,591 | 223 | 3 | 11,817 |
| Asset-backed securities | - | - | 404 | 404 |
| Preference shares | - | 313 | 3 | 316 |
| Equities | 2,645 | 520 | 282 | 3,447 |
| Mortgage equity funds | - | - | 393 | 393 |
| Other participating interests | 7 | - | - | 7 |
| | **31,623** | **1,065** | **1,085** | **33,774** |
| | | | | |
| **Investments at fair value through profit or loss** | | | | |
| Equities | 53 | - | 10 | 62 |
| Real estate equity funds | - | - | 2,029 | 2,029 |
| Mortgage equity funds | - | - | 590 | 590 |
| Rural property contracts | - | - | 143 | 143 |
| | **53** | **-** | **2,772** | **2,825** |
| | | | | |
| **Investments on behalf of policyholders** | | | | |
| Government bonds | 1,583 | - | - | 1,583 |
| Corporate bonds | 764 | - | - | 764 |
| Derivatives | - | 14 | - | 14 |
| Equities | 7,676 | - | - | 7,676 |
| Cash and cash equivalents | 112 | - | - | 112 |
| Other investments | 1 | 4 | - | 5 |
| | **10,136** | **18** | **-** | **10,154** |
| | | | | |
| **Derivatives** | | | | |
| Foreign exchange contracts | - | 57 | - | 57 |
| Interest rate contracts | | | | |
| - Swaps | - | 8,874 | - | 8,874 |
| - Options | - | 223 | - | 223 |
| Equity index contracts | 13 | - | - | 13 |
| | **13** | **9,155** | **-** | **9,168** |
| | | | | |
| **Cash and cash equivalents** | 2,846 | - | - | 2,846 |
| | | | | |
| **Total financial assets** | **44,671** | **10,238** | **3,857** | **58,767** |

## Breakdown of financial liabilities measured at fair value

| 31 December 2020 | Fair value based on quoted prices in an active market<br>Level 1 | Fair value based on observable market data<br>Level 2 | Fair value not based on observable market data<br>Level 3 | Total fair value |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| | | | | |
| **Derivatives** | | | | |
| Foreign exchange contracts | - | 4 | - | 4 |
| Interest rate contracts | | | | |
| - Swaps | - | 1,362 | - | 1,362 |
| - Futures | 8 | 10 | - | 19 |
| Inflation linked swaps | - | 35 | - | 35 |
| | **8** | **1,411** | **-** | **1,419** |
| | | | | |
| **Total financial liabilities** | **8** | **1,411** | **-** | **1,419** |

Cash and cash equivalents are classified as level 1 when not subject to restrictions.

## Reclassification between categories

| 2021 | To level 1 | To level 2 | To level 3 | Total |
|---|---|---|---|---|
| **From:** | | | | |
| Level 1: Fair value based on quoted prices in an active market | - | 205 | - | **205** |
| Level 2: Fair value based on observable market data | 171 | - | - | **171** |
| Level 3: Fair value not based on observable market data | 38 | - | - | **38** |

Fixed income funds are adjusted from level 2 to level 1 (€ 171 million), from level 3 to level 1 (€ 38 million) and from level 1 to level 2 (€ 205 million). Those movements are based respectively on increased and decreased observability of the inputs during the period.

## Reclassification between categories

| 2020 | To level 1 | To level 2 | To level 3 | Total |
|---|---|---|---|---|
| **From:** | | | | |
| Level 1: Fair value based on quoted prices in an active market | - | 12 | - | **12** |
| Level 2: Fair value based on observable market data | 353 | - | - | **353** |
| Level 3: Fair value not based on observable market data | - | - | - | **-** |

Fixed income funds were adjusted from level 2 to level 1 (€ 353 million) and from level 1 to level 2 (€ 12 million). Both movements are based respectively on increased and decreased observability of the inputs during the period.

The following two tables show the movement in financial assets measured at fair value including investment on behalf of policyholders and investment property that are categorised within level 3.

### Changes in financial assets classified as available for sale categorised within level 3

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 1,085 | 1,023 |
| | | |
| Changes in value of investments, realised/unrealised gains and losses: | | |
| - Realised gains and losses | 37 | 13 |
| - Recognised in Other comprehensive income (unrealised gains and losses) | 20 | -4 |
| | | |
| Purchases | 407 | 254 |
| Repayments | -80 | -162 |
| Disposal | -190 | -112 |
| Amortisation | -1 | - |
| Impairments | 1 | 1 |
| Reclassification of investments from/to Level 3 valuation technique | -36 | - |
| Changes in the composition of the group | - | 72 |
| | | |
| **At 31 December** | **1,243** | **1,085** |

### Changes in financial assets at fair value through profit or loss categorised within level 3

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 2,772 | 3,014 |
| | | |
| Changes in value of investments, realised/unrealised gains and losses: | | |
| - Fair value gains and losses | 121 | - |
| | | |
| Purchases | 565 | 396 |
| Capital improvements | - | 4 |
| Disposal | -21 | -653 |
| | | |
| Reclassification of investments from/to Level 3 valuation technique | -2 | - |
| Transfer between investments on behalf of policyholders and investment property | - | 10 |
| Transfer between investments and investment property | 2 | 1 |
| | | |
| **At 31 December** | **3,439** | **2,772** |
| | | |
| **Total revaluations of investments, held at end of period, recognised in the income statement** | **122** | **-74** |

**Unobservable inputs used in determining the fair value for financial assets measured at fair value (recurring basis) that are categorised within level 3**

*Available for sale investments*

The main non-observable market input for the asset-backed securities and mortgage equity funds available for sale are based on quotes published by an independent data vendor. If the quote of the data vendor is not available, values or quotes from other pricing services are obtained, including a check on the validity of the value or quote by an independent third party, to base the fair value on. There is no material difference in the fair value of the asset-backed securities and mortgage equity funds if a quote was used from an alternative data vendor.

The main non-observable market input for the equities and unlisted equities classified as level 3 is the net asset value as published by the investee. It is estimated that a 10% increase in valuation of these equities would have no significant impact on net result but would increase equity by € 32 million (2020: € 28 million), being approximately 0.4% (before tax) (2020: 0.4% (before tax)) of total equity. A decrease would have the opposite effect unless the impairment criteria are met.

*Investments at fair value through profit or loss*

The method of determining the fair value of the mortgage equity funds is similar to that of mortgage loans, however it excludes assumptions for originating cost and is determined within the funds structure. See chapter 6.7.1.2 for the main non-observable inputs.

The table below discloses the sensitivities to non-observable market inputs for the property portfolio, including real estate equity funds.

## Unobservable and observable inputs used in determination of fair value

| 31-Dec-21 | Fair value | Valuation technique | Gross | Gross theoretical rental value (€) | Gross | Gross yield (%) | Change in yield | Change in theoretical rental value -5% | 0% | 5% |
|---|---|---|---|---|---|---|---|---|---|---|
| **Investments at fair value through profit or loss** | | | | | | | | | | |
| Rural property contracts | 215 | DCF | total | 4,378,039 | mean | 2.0% | -5% | - | 11 | 23 |
| | | | max | 147,419 | max | 3.0% | 0% | -11 | - | 11 |
| | | | min | 466 | min | 0.6% | 5% | -21 | -10 | - |
| **Total rural property contracts** | **215** | | | | | | | | | |
| | | | | | | | | | | |
| Real estate equity funds associates | 1,817 | DCF | | 76,670,413 | | 4.2% | -5% | - | 96 | 191 |
| | | | | | | | 0% | -91 | - | 91 |
| | | | | | | | 5% | -173 | -87 | - |
| Real estate equity funds third parties | 385 | | | | | | | | | |
| **Total real estate equity funds** | **2,202** | | | | | | | | | |

| 31-Dec-20 | Fair value | Valuation technique | Gross | Gross theoretical rental value (€) | Gross | Gross yield (%) | Change in yield | Change in theoretical rental value -5% | 0% | 5% |
|---|---|---|---|---|---|---|---|---|---|---|
| **Investments at fair value through profit or loss** | | | | | | | | | | |
| Rural property contracts | 143 | DCF | total | 2,503,101 | mean | 1.7% | -5% | - | 8 | 15 |
| | | | max | 146,878 | max | 2.9% | 0% | -7 | - | 7 |
| | | | min | 10 | min | 1.3% | 5% | -14 | -7 | - |
| **Total rural property contracts** | **143** | | | | | | | | | |
| | | | | | | | | | | |
| Real estate equity funds associates | 1,735 | DCF | | 78,271,360 | | 4.5% | -5% | - | 91 | 183 |
| | | | | | | | 0% | -87 | - | 87 |
| | | | | | | | 5% | -165 | -83 | - |
| Real estate equity funds third parties | 294 | | | | | | | | | |
| **Total real estate equity funds** | **2,029** | | | | | | | | | |

The main non-observable market input for the real estate equity funds third parties is the net asset value as published by the investee. An increase or decrease in the net asset value of equities classified as level 3 will have a direct proportional impact on the fair value of the investment.

### 6.7.1.2 Financial assets and liabilities not measured at fair value

The breakdown of the fair values of financial assets and liabilities not measured at fair value, and for which the fair value is disclosed in accordance with the level of fair value hierarchy, as explained in accounting policy B, is as follows:

## Breakdown of financial assets and liabilities not measured at fair value

| | Fair value based on quoted prices in an active market | Fair value based on observable market data | Fair value not based on observable market data | | |
|---|---|---|---|---|---|
| 31 December 2021 | Level 1 | Level 2 | Level 3 | Total fair value | Total carrying value |
| **Financial assets** | | | | | |
| Due from customers | - | 1,513 | 10,696 | 12,209 | 11,461 |
| Due from credit institutions | 124 | 3,558 | - | 3,682 | 2,971 |
| Trade and other receivables | - | 827 | - | 827 | 827 |
| **Total financial assets** | **124** | **5,898** | **10,696** | **16,718** | **15,259** |
| | | | | | |
| **Financial liabilities** | | | | | |
| Subordinated liabilities | - | 1,132 | - | 1,132 | 992 |
| Borrowings | - | 137 | 55 | 192 | 192 |
| Due to customers | - | 573 | - | 573 | 573 |
| Due to banks | 5,636 | 105 | - | 5,741 | 5,741 |
| Other financial liabilities | 92 | 16 | - | 108 | 108 |
| **Total financial liabilities** | **5,728** | **1,963** | **55** | **7,745** | **7,605** |

## Breakdown of financial assets and liabilities not measured at fair value

| | Fair value based on quoted prices in an active market | Fair value based on observable market data | Fair value not based on observable market data | | |
|---|---|---|---|---|---|
| 31 December 2020 | Level 1 | Level 2 | Level 3 | Total fair value | Total carrying value |
| **Financial assets** | | | | | |
| Due from customers | - | 621 | 8,866 | 9,487 | 8,813 |
| Due from credit institutions | 1,757 | 4,025 | - | 5,782 | 4,727 |
| Trade and other receivables | - | 830 | - | 830 | 830 |
| **Total financial assets** | **1,757** | **5,475** | **8,866** | **16,099** | **14,370** |
| | | | | | |
| **Financial liabilities** | | | | | |
| Subordinated liabilities | - | 1,157 | - | 1,157 | 991 |
| Borrowings | - | 33 | 21 | 54 | 54 |
| Due to customers | - | 553 | - | 553 | 553 |
| Due to banks | 7,891 | 105 | - | 7,996 | 7,996 |
| Other financial liabilities | 88 | 22 | - | 110 | 110 |
| **Total financial liabilities** | **7,980** | **1,869** | **21** | **9,870** | **9,704** |

In 2020, amounts due from credit institutions presented as level 1 mainly consisted of reverse repurchase agreements. Amounts due to banks presented as level 1 primarily comprise the liability recognised for the cash collateral received. The accrued interest included in other liabilities follows the classification of the underlying assets. Level 2 category financial assets relates primarily to the receivable due from the credit institution for savings-linked mortgage loans amounting to a fair value of € 3,124 million (2020: € 3,659 million).

The mortgage loan portfolio is classified as level 3 ‘not measured on the basis of market observable market data’. Non-observable market inputs are used in the valuation methods, in addition to the observable market inputs. The valuation method used to determine the fair value of the mortgage loan portfolio is based on the spread on the interest rate curve for discounting the mortgage portfolio cash flows on consumer rates and includes assumptions for originating cost, proposal risk, and the options related to early redemption and moving.

The mortgage loan portfolio consists of high quality mortgages with a relatively fixed return, limited impairments and arrears (see chapter 6.5.8). The mortgage loan portfolio consists only of Dutch mortgages with a limited counterparty default risk in line with the strategic investment plan (see chapter 6.8.4).

### 6.7.1.3 Property (including land and buildings for own use and plants)

The breakdown of the investment property, land and buildings for own use and plants in accordance with the fair value hierarchy, as explained in accounting policy B, is as follows:

## Breakdown of the fair value of the investment property, land and buildings for own use and plants

| 31 December 2021 | Fair value based on quoted prices in an active market<br>Level 1 | Fair Value based on observable market data<br>Level 2 | Fair Value not based on observable market data<br>Level 3 | Total fair value |
|---|---|---|---|---|
| Investment property | - | - | 2,052 | 2,052 |
| Land and buildings for own use | - | - | 145 | 145 |
| Plants | - | - | 332 | 332 |
| **Total** | **-** | **-** | **2,530** | **2,530** |

| 31 December 2020 | Fair value based on quoted prices in an active market<br>Level 1 | Fair Value based on observable market data<br>Level 2 | Fair Value not based on observable market data<br>Level 3 | Total fair value |
|---|---|---|---|---|
| Investment property | - | - | 1,973 | 1,973 |
| Land and buildings for own use | - | - | 158 | 158 |
| **Total** | **-** | **-** | **2,130** | **2,130** |

The property portfolio are classified as a level 3 'not measured on the basis of market observable market data'. Non-observable market inputs are used in the valuation methods, in addition to the observable market inputs. The fair value measurement is based on valuations by independent professional appraisers. These valuations have been performed for the entire portfolio of investment property, buildings for own use and plants. Independent professional appraisers use reference transactions of comparable properties, in combination with the DCF and income capitalisation method, to determine the fair value of the property or plant. The reference transactions of comparable objects of the property portfolio are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch Government 'Grondprijsmonitor' in an active property market.

For plants the cost price is a good approximation of the fair value at year-end, as the plants were acquired in December 2021.

The property has a relatively fixed return. The property portfolio is well diversified and consists of residential, retail, offices and rural property, throughout the Netherlands. The retail portfolio focusses on high street locations with relative low vacancy rates. The following table shows a breakdown of the fair value and vacancy rates of the portfolio of investment property.

## Breakdown of investment property

| | Fair value | | Vacancy rate | |
|---|---|---|---|---|
| | 31 December 2021 | 31 December 2020 | 2021 | 2020 |
| Retail | 161 | 174 | 5.0% | 6.9% |
| Residential | 1 | 1 | - | - |
| Rural | 1,625 | 1,574 | - | - |
| Offices | 241 | 209 | 8.2% | 10.0% |
| Property under development | 12 | - | 100.0% | 100.0% |
| Parking | 12 | 15 | - | - |
| **Total** | **2,052** | **1,973** | **2.9%** | **4.0%** |

The movements in investment property and plants measured at fair value (recurring basis) that are categorised within level 3 are presented in chapter 6.5.2 and 6.5.3.

Significant inputs to the Level 3 values of investment property are the net initial yield and market rental value. These inputs are verified with the following market observable data:

- Market rent per square meter for renewals and their respective re-letting rates;
- Reviewed rent per square meter;
- Investment transaction of comparable objects;
- The 10 year Dutch Government Bond Yield (%) rate as published by the DNB.

The table below discloses the sensitivities to non-observable market inputs for the property portfolio (excluding development investment property and plants).

## Unobservable and observable inputs used in determination of fair value

| 31 December 2021 | | | | | | | | Change in theoretical rental value | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fair value | Valuation technique | Gross | Gross theoretical rental value (€) | Gross | Gross yield (%) | Change in yield | -5% | 0% | 5% |
| **Investment property - Fair value model** | | | | | | | | | | |
| Retail | 161 | DCF | total | 11,096,858 | mean | 6.9% | -5% | - | 8 | 17 |
| | | | max | 1,617,540 | max | 12.9% | 0% | -8 | - | 8 |
| | | | min | 41,519 | min | 2.4% | 5% | -15 | -8 | - |
| Residential | 1 | DCF | total | 75,501 | mean | 7.5% | -5% | - | - | - |
| | | | max | 75,501 | max | 7.5% | 0% | - | - | - |
| | | | min | 75,501 | min | 7.5% | 5% | - | - | - |
| Rural | 1,625 | DCF | total | 36,171,938 | mean | 2.2% | -5% | - | 86 | 171 |
| | | | max | 1,865,893 | max | 7.3% | 0% | -81 | - | 81 |
| | | | min | 308 | min | 0.4% | 5% | -155 | -77 | - |
| Offices | 241 | DCF | total | 14,271,731 | mean | 5.9% | -5% | - | 13 | 25 |
| | | | max | 5,015,714 | max | 9.2% | 0% | -12 | - | 12 |
| | | | min | 38,656 | min | 3.4% | 5% | -23 | -11 | - |
| Property under development | 12 | | | | | | | | | |
| Parking | 12 | | | | | | | | | |
| **Land and buildings for own use** | 145 | DCF | total | 9,607,224 | mean | 6.9% | -5% | - | 7 | 15 |
| | | | max | 9,607,224 | max | 6.9% | 0% | -7 | - | 7 |
| | | | min | 9,607,224 | min | 6.9% | 5% | -13 | -7 | - |
| **Plants** | **332** | | | | | | | | | |
| **Total** | **2,530** | | | | | | | | | |

## Unobservable and observable inputs used in determination of fair value

| 31 December 2020 | | | | | | | | Change in theoretical rental value | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fair value | Valuation technique | Gross | Gross theoretical rental value (€) | Gross | Gross yield (%) | Change in yield | -5% | 0% | 5% |
| **Investment property - Fair value model** | | | | | | | | | | |
| Retail | 174 | DCF | total | 9,287,682 | mean | 5.3% | -5% | - | 9 | 18 |
| | | | max | 1,653,606 | max | 15.3% | 0% | -9 | - | 9 |
| | | | min | 44,367 | min | 3.4% | 5% | -17 | -8 | - |
| Residential | 1 | DCF | total | 86,335 | mean | 8.4% | -5% | - | - | - |
| | | | max | 86,335 | max | 8.4% | 0% | - | - | - |
| | | | min | 86,335 | min | 8.4% | 5% | - | - | - |
| Rural | 1,574 | DCF | total | 24,025,481 | mean | 1.5% | -5% | - | 83 | 166 |
| | | | max | 1,619,813 | max | 4.8% | 0% | -79 | - | 79 |
| | | | min | 616 | min | 0.8% | 5% | -150 | -75 | - |
| Offices | 209 | DCF | total | 12,282,146 | mean | 5.9% | -5% | - | 11 | 22 |
| | | | max | 4,519,785 | max | 9.3% | 0% | -10 | - | 10 |
| | | | min | 915,980 | min | 4.8% | 5% | -20 | -10 | - |
| Property under development | 15 | | | | | | | | | |
| | | | | | | | | | | |
| **Land and buildings for own use** | 158 | DCF | total | 9,502,139 | mean | 6.2% | -5% | - | 8 | 16 |
| | | | max | 9,502,139 | max | 6.2% | 0% | -8 | - | 8 |
| | | | min | 9,502,139 | min | 6.2% | 5% | -15 | -7 | - |
| | | | | | | | | | | |
| **Total** | **2,130** | | | | | | | | | |

## 6.7.2 **Offsetting of financial assets and liabilities**

The following tables include information about rights to offset and the related arrangements. The amounts included consist of all recognised financial instruments that are presented net in the balance sheet under the IFRS-EU offsetting requirements (legal right to offset and intention to settle on a net basis) and amounts presented gross in the balance sheet but subject to enforceable master netting arrangements or similar arrangements.

## Offsetting financial instruments

| | Gross amounts of recognised financial assets | Gross amounts of recognised financial liabilities set off in the statement of financial position | Net amounts of financial assets presented in the statement of financial position | Related amounts not set off in the statement of financial position | | Net amount |
|---|---|---|---|---|---|---|
| Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements | | | | Financial instruments | Cash Collateral received (excluding surplus) | |
| **31 December 2021** | | | | | | |
| - Derivatives | 6,212 | - | 6,212 | 743 | 5,469 | - |
| **Total financial assets** | **6,212** | **-** | **6,212** | **743** | **5,469** | **-** |
| | | | | | | |
| **31 December 2020** | | | | | | |
| - Derivatives | 9,168 | - | 9,168 | 1,392 | 7,776 | - |
| **Total financial assets** | **9,168** | **-** | **9,168** | **1,392** | **7,776** | **-** |

| Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements | Gross amounts of recognised financial liabilities | Gross amounts of recognised financial assets set off in the statement of financial position | Net amounts of financial liabilities presented in the statement of financial position | Related amounts not set off in the statement of financial position: Financial instruments | Related amounts not set off in the statement of financial position: Cash Collateral pledged (excluding surplus) | Net amount |
|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | |
| - Derivatives | 759 | - | 759 | 743 | 16 | - |
| **Total financial liabilities** | **759** | **-** | **759** | **743** | **16** | **-** |
| | | | | | | |
| **31 December 2020** | | | | | | |
| - Derivatives | 1,419 | - | 1,419 | 1,392 | 27 | - |
| **Total financial liabilities** | **1,419** | **-** | **1,419** | **1,392** | **27** | **-** |

## 6.7.3 Fair value of financial assets categorised into two groups based on business model and SPPI test results

In compliance with the deferral option IFRS 9 under IFRS 4, a.s.r. conducted a solely payments of principal and interest (SPPI) test on the financial assets.

For the purpose of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs), as well as a profit margin that is consistent with a basic lending arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

In assessing whether the contractual cash flows are solely payments of principal and interest, a.s.r. considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, a.s.r. considers the following:
- Variable interest rates;
- Prepayment features;
- Term extension features;
- Contingent events; and
- Terms that limit a.s.r.'s claim to cash flows from specified assets – e.g. non-recourse asset arrangements.

## Fair value of financial assets based on SPPI test results

| Amounts in € millions | Fair value at 31 December 2021[1] | Carrying amount at 31 December 2021 | Fair value movement 2021 | Fair value at 31 December 2020[1] | Carrying amount at 31 December 2020 | Fair value movement 2020 |
|---|---|---|---|---|---|---|
| **Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest:** | | | | | | |
| Government bonds | 14,149 | 14,149 | -3,241 | 17,390 | 17,390 | 1,279 |
| Corporate bonds | 9,899 | 9,899 | -1,024 | 10,923 | 10,923 | 210 |
| Rural property contracts | 215 | 215 | 72 | 143 | 143 | 71 |
| Asset-backed securities | 427 | 427 | 146 | 281 | 281 | -125 |
| Due from customers | 12,209 | 11,461 | 2,722 | 9,487 | 8,813 | 1,220 |
| Due from credit institutions | 3,682 | 2,971 | -2,100 | 5,782 | 4,727 | 571 |
| Trade and other receivables | 827 | 827 | -2 | 830 | 830 | 52 |
| Other financial assets | 340 | 340 | -80 | 420 | 420 | -37 |
| Cash and cash equivalents | 2,306 | 2,306 | -557 | 2,863 | 2,863 | -93 |
| | **44,054** | **42,595** | **-4,064** | **48,118** | **46,390** | **3,149** |
| | | | | | | |
| **Other financial assets**[2] | | | | | | |
| Government bonds | - | - | - | - | - | -22 |
| Corporate bonds | 928 | 928 | 35 | 894 | 894 | 17 |
| Asset-backed securities | 103 | 103 | -20 | 123 | 123 | 5 |
| Preference shares | 311 | 311 | -5 | 316 | 316 | -4 |
| Derivatives | 6,212 | 6,212 | -2,956 | 9,168 | 9,168 | 3,209 |
| Equities and other participating interest | 4,136 | 4,136 | 620 | 3,516 | 3,516 | 350 |
| Real estate equity funds | 2,202 | 2,202 | 173 | 2,029 | 2,029 | -50 |
| Mortgage equity funds | 1,179 | 1,179 | 196 | 983 | 983 | 144 |
| Other financial assets | 249 | 249 | 7 | 242 | 242 | 11 |
| Investments on behalf of policyholders | 11,574 | 11,574 | 1,420 | 10,154 | 10,154 | 583 |
| Investments related to investment contracts | 1,952 | 1,952 | 1,952 | - | - | - |
| Due from customers | - | - | - | - | - | -9 |
| | **28,846** | **28,846** | **1,420** | **27,426** | **27,426** | **4,234** |
| | | | | | | |
| **Total financial assets** | **72,900** | **71,441** | **-2,644** | **75,544** | **73,816** | **7,384** |

The fair value movement relates to the revaluations during the year of the financial assets; total movement less the net additions.

1 The carrying value of the trade and other receivables is regarded as a good approximation of the fair value, as these assets have a short-term nature.
2 Other financial assets include the financial assets that fall into the business model held for trading and managed on a fair value basis or those financial assets with contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest.

**Credit risk exposure for financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest**

| | Gross carrying amount at 31 December 2021 | Gross carrying amount at 31 December 2020 |
|---|---|---|
| **Credit risk rating** | | |
| AAA | 7,597 | 7,906 |
| AA | 6,560 | 7,638 |
| A | 8,717 | 11,631 |
| BBB | 5,642 | 7,105 |
| Lower than BBB | 533 | 263 |
| **Not rated** | | |
| Mortgages | 9,991 | 8,253 |
| Savings-linked mortgage loans | 2,462 | 2,663 |
| Other | 1,181 | 1,004 |
| **Total financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest** | **42,683** | **46,464** |

The credit risk of the assets not rated, mostly mortgages and savings-linked mortgage loans, is considered low. The a.s.r. portfolio consists only of Dutch mortgages with a limited counterparty default risk, as 30% (2020: 34%) are covered by the National Mortgage Guarantee (NHG), 46% (2020: 34%) have a Loan to Value (LTV) less than 75%, and only 2% (2020: 2%) have a LTV more than 100%. The counterparty default risk of the savings-linked mortgage loans ('Spaarlossen') is also considered low. For 32% (2020: 37%) of the portfolio, the counterparties are Special Purpose Vehicles. The risk is limited due to the robust quality of the mortgages in the Special Purpose Vehicles in combination with the tranching. For another 62% (2020: 58%) a.s.r. has a cession-retrocession agreement with the counterparty. Effectively, a.s.r. recognises the underlying receivable from the counterparty (or in the case of insolvency of the counterparty the mortgage loans transfers as collateral), mitigating the counterparty default risk of the savings-linked mortgage loans. For more detailed information about the credit risks of a.s.r., see chapter 6.8.3 and chapter 6.8.4.

**Fair value of financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest without low credit risk**

| | Fair value at 31 December 2021 | Gross carrying amount at 31 December 2021 | Fair value at 31 December 2020 | Gross carrying amount at 31 December 2020 |
|---|---|---|---|---|
| **Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest:** | | | | |
| Corporate bonds | 69 | 69 | 55 | 55 |
| Rural property contracts | 215 | 215 | 143 | 143 |
| Other financial assets | - | - | 2 | 2 |
| Due from customers | 383 | 383 | 126 | 125 |
| Due from credit institutions | 50 | 79 | 50 | 82 |
| Trade and other receivables | 586 | 612 | 553 | 579 |
| **Total fair value of financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest without low credit risk** | **1,304** | **1,359** | **928** | **986** |

## 6.7.4 **Related party transactions**

A related party is a person or entity that has significant influence over another entity, or has the ability to affect the financial and operating policies of the other party. Parties related to a.s.r. include associates, joint ventures, key management personnel, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other affiliated entity.

The group regularly enters into transactions with related parties during the conduct of its business. These transactions mainly involve loans, deposits and commissions, and are conducted on terms equivalent to those that prevail in arm's length transactions.

The remuneration of the key personnel is disclosed in chapter 6.7.5.

### Positions and transactions between a.s.r., associates, joint ventures and other related parties

The table below shows the financial scope of a.s.r.'s related party transactions:
- Associates;
- Joint ventures (and real estate development joint ventures).

**Financial scope of a.s.r.'s related party transactions**

| | Associates | Joint ventures | Total |
|---|---|---|---|
| **2021** | | | |
| **Balance sheet items with related parties as at 31 December** | | | |
| Loans and receivables | 21 | 12 | 33 |
| Other liabilities | 177 | - | 177 |
| | | | |
| **Transactions in the income statement for the financial year** | | | |
| Fee and commission income | 57 | - | 57 |
| Fee and commission expenses | 1 | - | 1 |

| | Associates | Joint ventures | Total |
|---|---|---|---|
| **2020** | | | |
| **Balance sheet items with related parties as at 31 December** | | | |
| Loans and receivables | 25 | 5 | 30 |
| Other liabilities | 135 | - | 135 |
| | | | |
| **Transactions in the income statement for the financial year** | | | |
| Fee and commission income | 49 | - | 49 |
| Fee and commission expenses | 2 | - | 2 |

No provisions for impairments have been recognised on the loans and receivables for the years 2021 and 2020.

The members of the Business Executive Committee (BEC) have mortgage loans amounting to € 596 thousand (2020: € 815 thousand) with a.s.r. that have been issued, subject to normal employee conditions. For the members of the EB the amount of mortgage loans with a.s.r. is € 556 thousand (2020: nil). The employee conditions include limits and thresholds to the amounts that qualify for a personnel interest-rate discount. For mortgage loans higher than € 340 thousand arm's length condition apply. The average interest on the mortgage loans (for members BEC and EB) is 2.4% (2020: 2.1%). In 2021 the mortgage loans of BEC-members were settled for an amount of € 79 thousand (2020: € 304 thousand) and for EB members for an amount of € 61 thousand (2020: nil).

## 6.7.5 Key management personnel remuneration

Transactions with key management personnel (EB, BEC members and SB) are transactions with related parties. Additional information on the remuneration of members of the EB and SB is disclosed in the remuneration report; see chapter 5.3.

**Annual remuneration key management personnel**

| Amounts in € thousand | Executive board[1] | BEC members[2] | Supervisory board[3] | Total 2021 | Executive board[1] | BEC members[2] | Supervisory board[3] | Total 2020 |
|---|---|---|---|---|---|---|---|---|
| **Fixed compensation** | | | | | | | | |
| Base salary | 2,279 | 2,247 | 205 | 4,730 | 2,196 | 1,584 | 216 | 3,997 |
| Fees | - | - | 88 | 88 | - | - | 93 | 93 |
| Fringe benefits[4] | 44 | 128 | - | 172 | 49 | 84 | - | 133 |
| **Variable compensation** | | | | | | | | |
| One-year variable | - | - | - | - | - | - | - | - |
| Multi-year variable[5] | - | - | - | - | - | 61 | - | 61 |
| **Other** | | | | | | | | |
| Extraordinary items[6] | - | - | - | - | 182 | 27 | - | 209 |
| Pension expense[7] | 473 | 486 | - | 959 | 709 | 479 | - | 1,188 |
| **Total remuneration** | **2,796** | **2,861** | **292** | **5,949** | **3,137** | **2,235** | **309** | **5,681** |

In the table above, 'Executive Board' refers to the three members of the EB as at 31 December 2021. The three members of the EB are also members of the BEC. In the table above, 'BEC' refers to the eight (2020: five) members of the BEC as at 31 December 2021, i.e. those members that are not also member of the EB in the table above.

## 6.7.6 Employee Share Purchase Plan

In 2019 a.s.r. issued an employee share purchase plan (ESPP or 'the plan'). a.s.r. employees are thereby given the opportunity to acquire a.s.r. shares at a discount. a.s.r. can suspend or withdraw the plan at any time. There is no option under the plan for either a.s.r. or the employee to settle in cash or other assets. Therefore the plan is an equity-settled share-based payments plan.

The members of the EB are required to participate in the plan by investing a predetermined part of their renumeration in a.s.r. shares. Other employees participate voluntarily.

Under the terms of the plan the granting and vesting is predefined. The grant date of the plan is the moment the employee registers to participate in the plan. The shares vest immediately on the transaction date when cash is received from the employee, unconditionally, subject only to a post-vesting transfer restriction of five years. Otherwise, there are no specific restrictions to the share (i.e. voting power, dividend restrictions).

The employees purchase the shares at a discount of 18.5%. The fair value of the a.s.r. share with a lock-up of five years at the grant date equals the purchased price by the employee. The ESPP has an impact on equity through the adjustment in the treasury shares and retained earnings. See chapter 6.5.13.4 Treasury shares for more information.

1 E.J.M. Hollegien was appointed as CFO and member of the EB of a.s.r. on 1 December 2021. A.T.J. van Melick stepped down as member of the EB of a.s.r. on 12 October 2021. The remuneration figures for 2021 reflect a partial year as a member of the EB. A.T.J. van Melick started at a.s.r. on 1 January 2020 and was appointed as CFO and member of the EB on 12 February 2020. H.C. Figee left the EB and a.s.r. on 1 February 2020. The remuneration figures for 2020 reflect a partial year as a member of the EB.
2 Four directors joined the BEC on 29 June 2021. The remuneration figures for 2021 reflect a partial year.
3 Remuneration as a SB member of a.s.r. and remuneration as a committee chair or member of the SB of ASR Bank N.V. (2020) or SB of ASR Basis / Aanvullende Ziektekostenverzekeringen N.V. J.G. Wijn was appointed as chair of the SB on 19 May 2021. C. van der Pol left the SB as of 19 May 2021. The remuneration figures for 2021 reflect a partial year as a member of the SB.
4 Variations arise as a result of the fiscal treatment of lease vehicles depending on the price and private use of the car, personal allowance and social security.
5 As of July 2014, a.s.r. converted the variable remuneration system existing up to that time into fixed remuneration. The outstanding tranches for senior management are a consequence of the discontinued scheme. The scheme applied to senior management for the period January 2011 to July 2014. The 4th tranches of the deferred variable remuneration include a 5-year revaluation, based on the value development of a.s.r. Since the IPO, this has been dependent on the value development of the a.s.r. share. The multi-year variable 2020 relate to this final distribution.
6 After the successful IPO in 2016, the SB and EB decided in 2017 to make a one-off extra payment to all employees in the form of a monthly salary. By order of the supervisor (DNB), the distribution had to be paid in instalments to the identified staff (the members of the EB and other identified employees). The extraordinary items 2020, relates to a one-off 40-year anniversary payment for J.P.M. Baeten (2020: € 136 thousand) in accordance with current regular employee conditions and the final distribution of the one-off payment in the form of a monthly salary for 40% originating in 2017 (2020: € 15 thousand).
7 The post-employment defined benefit plan of a.s.r. ended 31 December 2020. A new DC plan started from 1 January 2021. The defined benefit obligation will continue to exist, but no further regular annual premium contributions will be paid to the plan. All members of the EB participate in the DC plan. The annual pension expenditure is based on a premium table. Further changes in the cost of pension benefits are mainly due to the impact of age. The pension costs include DC pensions based on maximum pensionable salary cap, compensation for the maximum pensionable salary cap (to be used for pensions at the employees' discretion in total), and VPL.

The number of shares purchased by employees during the reporting period was 126 thousand for an amount of € 3.77 million (2020: 122 thousand for an amount of € 3.25 million).

## 6.7.7 **Contingent liabilities and assets**

### 6.7.7.1 General claims and disputes

The group is a respondent in a number of claims, disputes and legal proceedings arising from the normal conduct of business.

Provisions are formed for such occurrences if, in management's opinion and after consultation with its legal advisors, a.s.r. is likely to have to make payments and the payable amount can be estimated with sufficient reliability. The costs of the compensation scheme for unit-linked insurance contracts have been fully recognised in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognised in the liabilities arising from insurance contracts (see chapter 6.5.15) and legal provisions (see chapter 6.5.18).

Dutch insurers see an increase in insurance policies complaints / claims based on grounds other than the cost compensation. Current and possible future legal proceedings could have a substantial financial and reputational impact. However it is not possible at this time to make reliable estimates of the number of expected proceedings, possible future precedents and the financial impact of current and possible future proceedings. Currently there are no indications that such a provision would be necessary for a.s.r.

As for other claims and legal proceedings, against a.s.r. known to management (and for which, in accordance with the defined principles, no provision has been formed), management believes, after having sought expert advice, that these claims have no chance of success, or that a.s.r. can successfully mount a defense against them, or that the outcome of the proceedings is unlikely to result in a significant loss for a.s.r. For further information related to the Unit-Linked Products (beleggingsverzekeringen), see chapter 6.7.7.2.

### 6.7.7.2 Unit-Linked Products (beleggingsverzekeringen)

#### Background

Since the end of 2006, individual unit-linked life insurance products (beleggingsverzekeringen) have received negative attention in the Dutch media, from the Dutch Parliament, the AFM, consumers and consumer protection organisations. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds. The criticism and scrutiny on unit-linked life insurance products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008, a.s.r. reached an outline agreement with two main consumer protection organisations to offer compensation to unit-linked policyholders in case the cost charge and / or risk premium charge exceeds a defined maximum. A full agreement on implementation of the compensation scheme was reached in 2012. The total recognised cumulative financial costs relating to the compensation scheme for Individual life in a.s.r.'s income statement until 2021 was € 1,026 million. This includes, amongst other things, compensation paid, amortisation of surrender penalties and costs relating to improved product offerings. The remaining provision in the balance sheet at 31 December 2021 is solely available to cover potential additional compensation (schrijnende gevallen) and costs relating to the compensation scheme. On the basis of this agreement, a.s.r. offered consumers additional measures such as alternative products and less costly investment funds. In addition to the compensation scheme, a.s.r. has implemented additional measures (flankerend beleid), including the ten best in class principles as formulated by the Dutch Minister of Finance. On 17 July 2015, the Dutch Ministry of Finance published an Order in Council (Algemene Maatregel van Bestuur), pursuant to which insurance companies can be sanctioned if they do not meet the compulsory targets set for approaching policyholders of unit-linked life insurances and prompting them to review their existing policies.

The agreement with the two consumer protection organisations and additional measures are not binding for policyholders. Consequently, neither the implementation of the compensation schemes nor the additional measures offered by a.s.r. prevent individual policyholders from initiating legal proceedings against a.s.r. and making claims for damages.

#### Legal proceedings

a.s.r. is subject to a limited number of legal proceedings initiated by individual unit-linked policyholders, in most cases represented by claims organisations. While to date fewer than 10 cases are pending before Dutch courts and courts of appeal and fewer than 100 cases are pending before the Financial Services Complaints Board ("FSCB") (the Dispute Committee as well as the Committee of Appeal of the FSCB), there is no assurance that further proceedings will not be brought against a.s.r. in the future. Future legal proceedings regarding unit-linked life insurance policies might be brought upon a.s.r. by consumers individually, by consumer organisations acting on their behalf or in the form of a collective action. Furthermore, there is an ongoing lobby by consumer protection organisations, such as the Consumentenbond and Stichting Geldbelangen, to continuously gain media attention for unit-linked life insurance policies. These organisations argue, amongst other things, that consumers did not receive sufficient compensation based on the compensation scheme.

a.s.r. is currently subject to three collective actions. The claims are all based on similar grounds and have been rejected by a.s.r. and a.s.r. defends itself in these legal proceedings. The timing and outcome of these collective actions is currently uncertain.

In June 2016, Woekerpolis.nl initiated a collective action, requesting the Midden-Nederland District Court to declare that a.s.r. has sold products in the market which were defective in various respects (e.g. lack of transparency regarding cost charges and other product characteristics, and risks against which the insurer had failed to warn, such as substantial stock depreciations, inability to realise the projected final policy value, unrealistic capital projections due to the difference between geometric and arithmetic returns, and general terms and conditions governing costs which Woekerpolis.nl considered unfair). In its judgement of 6 February 2019, the court rejected all claims regarding transparency of costs and risks. Only with regard to the claim relating to administrative costs ("administratiekosten") that are calculated in ABC Spaarplan in case of high premiums, the court decided that this is unlawful. On 16 April 2019 a.s.r. received a notice of appeal from the Vereniging Woekerpolis.nl. Subsequently, the Vereniging Woekerpolis.nl has submitted its statement of appeal at the High Court of Arnhem Leeuwarden on 3 March 2020. The statement of response by a.s.r. has been deferred by the Court of Appeal. Main reason for this deferral lies with the developments regarding the preliminary questions from the High Court of the Hague towards the Supreme Court in the proceedings (Collective Action) between Woekerpolis.nl and another Dutch insurer.

On 11 February 2022, the Supreme Court has answered the preliminary questions from Court of Appeal The Hague on information obligations for unit-linked policies. The Supreme Court primarily considers that Dutch civil law is applicable to the legal relationship between insurer and insured. It is up to lower courts to decide whether Dutch civil law entails obligations to provide information in addition to the obligations arising from specific regulations and, if so, which obligations. The Supreme Court holds that potential additional information obligations must satisfy the criteria formulated by the Court of Justice of the European Union in 2015. The collective actions against a.s.r that have been deferred in view of the preliminary questions before the Supreme Court, will be resumed.

In March 2017, the Consumentenbond also initiated a collective action against a.s.r. based on similar grounds to that initiated by Woekerpolis.nl. In its judgement dated 11 March 2020 the Court dismissed all claims of Consumentenbond against a.s.r. On 8 June 2020 a.s.r. received a notice of appeal from the Consumentenbond.

In December 2019, claim organisation Wakkerpolis initiated a collective action against a.s.r. Although the claim from ‘Wakkerpolis’ is largely based on similar grounds as the other two collective actions, it primarily concentrates on the lack of transparency of cost charges.

### Risk profile and contingent liability unit-linked life insurance products

The prolonged political, regulatory and public attention focused on unit-linked life insurance policies continues. Elements of unit-linked life insurance policies of a.s.r. are being challenged on multiple legal grounds in current, and may be challenged in future, legal proceedings. There is a risk that one or more of the current and/or future claims and/or allegations will succeed. To date, a number of rulings regarding unit-linked life insurance products in specific cases have been issued by the FSCB and courts (of appeal) in the Netherlands against a.s.r. and other insurers. In these proceedings, different (legal) approaches have been taken to come to a ruling. The outcomes of these rulings are diverse. Because the book of policies of a.s.r. dates back many years, contains a variety of products with different features and conditions and because of the fact that rulings are diverse, no reliable estimation can be made regarding the timing and the outcome of the current and future legal proceedings brought against a.s.r. nor the impact thereon as a result of recent developments for other insurance companies.

The total costs related to compensation for unit-linked insurance contracts as described above, have been fully recognised in the financial statements based on management’s best knowledge of current facts, actions, claims, complaints and events. Provisions are recognised in the liabilities arising from insurance contracts (see chapter 6.5.15). Although the financial consequences of the legal developments could be substantial, a.s.r.’s exposures cannot be reliably estimated or quantified at this point. If one or more of these legal proceedings should succeed, there is a risk a ruling, although legally only binding for the parties that are involved in the procedure, could be applied to or be relevant for other unit-linked life insurance policies sold by a.s.r. Consequently, the financial consequences of any of the current and/or future legal proceedings brought upon a.s.r. can be substantial for a.s.r.’s Life insurance business and may have a material adverse effect on a.s.r.’s financial position, business, reputation, revenues, results of operations, solvency, financial condition and prospects.

## 6.7.7.3 Obligations and guarantees

Investment obligations for an amount of € 128 million (2020: € 63 million) have been assumed / issued for investment property.

Investment obligations and guarantees for a total amount of € 21 million (2020: € 20 million) have been issued, for real estate development projects and the acquisition of property. Those guarantees were issued by principals for the execution of projects for the benefit of clients.

a.s.r. also had irrevocable facilities of € 1,123 million (2020: € 877 million) which mainly relate to mortgage offers issued. a.s.r. issued several other guarantees for a total amount of € 1 million (2020: € 2 million). a.s.r. has pledged certain guarantees to the bank regarding the loan for the windmill parks.

### 6.7.7.4 Expected future lease payments

The following table sets out the expected future lease payments for investment property and plants, showing the undiscounted lease payments to be received after the reporting date.

**Expected minimum future lease payments on non-cancellable investment property lease and plants**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| To be received within 1 year | 59 | 56 |
| To be received between 1 and 2 years | 44 | 46 |
| To be received between 2 and 3 years | 41 | 39 |
| To be received between 3 and 4 years | 38 | 35 |
| To be received between 4 and 5 years | 34 | 31 |
| To be received after 5 years | 396 | 385 |
| **Total undiscounted lease payments** | **613** | **593** |

The investments properties, in retail, residential, offices and rural markets are leased to third parties, consisting of various lease terms in a range between shorter than one year and undetermined period with competitive rents mostly indexed to consumer prices. The plants are leased to third parties with lease terms longer than ten years.

### 6.7.7.5 Contingent considerations in acquisitions

The consideration paid for Veherex by a.s.r. non-life includes a contingent consideration with a remaining fair value of € 4 million to be paid over a period of three years. Of this amount, € 1 million is expected to be paid no later than one year after the balance sheet date, the remaining € 3 million no later than three years after the balance sheet date.

## 6.7.8 **Events after the balance sheet date**

In February 2022, the Netherlands was confronted with severe storms and heavy rainfalls which caused significant damage. a.s.r. estimates the impact on result before tax at approximately € 40 million after reinsurance.

Also in February 2022, Russia invaded Ukraine which resulted in geopolitical and economic uncertainties. On the asset side a.s.r. has very limited direct exposure to investments in Russia and Ukraine. A possible side effect of the Russian invasion may be that the inflation will further increase over time. The impact of increasing inflation may be mitigated by increasing interest rates. At this point in time it is too early to fully quantify the impact thereof. For more information on the financial risks of inflation reference is made to chapter 4.2.

## 6.7.9 List of principal group companies and associates

**List of principal group companies and associates**

| Company | Equity interest | Rate of control | Seat | Segment |
|---|---|---|---|---|
| ASR Aanvullende Ziektekostenverzekeringen N.V.[1] | 100.00 | 100.00 | Utrecht | Non-life |
| ASR Basis Ziektekostenverzekeringen N.V.[1] | 100.00 | 100.00 | Utrecht | Non-life |
| ASR Schadeverzekering N.V.[1] | 100.00 | 100.00 | Utrecht | Non-life |
| ASR Wlz-uitvoerder B.V. | 100.00 | 100.00 | Utrecht | Non-life |
| ASR Ziektekostenverzekeringen N.V.[2] | 100.00 | 100.00 | Utrecht | Non-life |
| ASR Infrastructure Renewables B.V. | 100.00 | 100.00 | Utrecht | Life |
| ASR Levensverzekering N.V.[1] | 100.00 | 100.00 | Utrecht | Life |
| ASR Utrecht Real Estate Investments Netherlands B.V. | 100.00 | 100.00 | Amsterdam | Life |
| Brand New Day Premiepensioeninstelling N.V.[3] | 100.00 | 100.00 | Amsterdam | Life |
| ASR Financieringen B.V.[2] | 100.00 | 100.00 | Utrecht | Asset Management |
| ASR Hypotheken B.V.[2] | 100.00 | 100.00 | Utrecht | Asset Management |
| ASR Real Estate B.V.[2,3] | 100.00 | 100.00 | Utrecht | Asset Management |
| ASR Vermogensbeheer N.V.[2,3] | 100.00 | 100.00 | Utrecht | Asset Management |
| Anac Verzekeringen B.V.[3] | 100.00 | 100.00 | Eindhoven | Distribution & Services |
| Anac, All-Finance Nederland Advies-Combinatie B.V.[3] | 100.00 | 100.00 | Eindhoven | Distribution & Services |
| ASR Vitaliteit & Preventieve Diensten B.V. | 100.00 | 100.00 | Utrecht | Distribution & Services |
| Assurantiekantoor Lodewijk B.V.[3] | 100.00 | 100.00 | Wezep | Distribution & Services |
| Bedrijfsartsengroep Holding B.V. | 100.00 | 100.00 | Heerenveen | Distribution & Services |
| Boval Assurantiën B.V.[3] | 100.00 | 100.00 | Velserbroek | Distribution & Services |
| Corins B.V.[3] | 100.00 | 100.00 | Amsterdam | Distribution & Services |
| Dutch ID B.V. | 100.00 | 100.00 | Velserbroek | Distribution & Services |
| Felison Assuradeuren B.V.[3] | 100.00 | 100.00 | Velserbroek | Distribution & Services |
| Melching Assuradeuren B.V.[3] | 100.00 | 100.00 | Drachten | Distribution & Services |
| Melching Assurantiën B.V.[3] | 100.00 | 100.00 | Drachten | Distribution & Services |
| PoliService B.V.[3] | 100.00 | 100.00 | Hardinxveld-Giessendam | Distribution & Services |
| Supergarant Verzekeringen B.V.[3] | 100.00 | 100.00 | Leidschendam | Distribution & Services |
| Van Kampen Geld B.V.[3] | 100.00 | 100.00 | Hoorn | Distribution & Services |
| Van Kampen Groep Holding B.V.[3] | 100.00 | 100.00 | Hoorn | Distribution & Services |
| Veltman Financieel Adviseurs B.V.[3] | 100.00 | 100.00 | Kampen | Distribution & Services |
| ZZP Nederland Verzekeringen B.V.[3] | 100.00 | 100.00 | Groningen | Distribution & Services |
| Administratie- en Adviesbureau voor Belegging en Krediet (A.B.K.) B.V.[2] | 100.00 | 100.00 | Amersfoort | Holding & Other |
| ASAM N.V.[2] | 100.00 | 100.00 | Utrecht | Holding & Other |
| ASR Betalingscentrum B.V.[2] | 100.00 | 100.00 | Utrecht | Holding & Other |
| ASR Deelnemingen N.V.[2] | 100.00 | 100.00 | Utrecht | Holding & Other |
| ASR Nederland N.V. | 100.00 | 100.00 | Utrecht | Holding & Other |
| ASR Service Maatschappij N.V.[2] | 100.00 | 100.00 | Rotterdam | Holding & Other |
| ASR Vastgoed Projecten B.V. | 100.00 | 100.00 | Utrecht | Holding & Other |
| ASR Vooruit B.V.[3] | 100.00 | 100.00 | Utrecht | Holding & Other |
| Servicemaatschappij "De Hoofdpoort" N.V.[2] | 100.00 | 100.00 | Utrecht | Holding & Other |

The principal group companies and associates are located in the Netherlands.

For notes to equity interests in associates and joint ventures, see chapter 6.5.4. The list of equity interests which are required under Sections 379 and 414, Book 2 of the Dutch Civil Code has been filed with the Trade Register of the Chamber of Commerce in Utrecht.

## 6.7.10 Profit appropriation

The EB will propose to the AGM to distribute a final dividend of € 217 million in dividend on ordinary shares for 2021. Including the interim dividend of € 111 million the total dividends to shareholder amounted to € 329 million. The remaining result will be transferred to retained earnings in accordance with Article 37 of the Articles of Association of a.s.r.

1 Registered insurance companies
2 These are companies for which a statement of joint and several liability under section 403, Book 2 of the Dutch Civil Code has been issued.
3 Other Wft registered companies

# 6.8 **Risk** Management

Risk management is an integral part of a.s.r.'s day-to-day business operations. a.s.r. applies an integrated approach to managing risks, ensuring that strategic targets are met. Value is created by striking the right balance between risk, return and capital whilst ensuring that obligations to stakeholders are met.

## 6.8.1 **Risk management system including the Own Risk and Solvency Assessment Risk Management System**

It is of great importance to a.s.r. that risks within all business lines are timely and adequately controlled. In order to do so, a.s.r. implemented a Risk Management framework based on internationally recognised and accepted standards (such as COSO ERM and ISO 31000 risk management principles and guidelines). Using this framework, material risks that a.s.r. is, or can be, exposed to, are identified, measured, managed, monitored, reported and evaluated. The framework is both applicable to a.s.r. group and the underlying (legal) business entities.

### 6.8.1.1 Risk Management Framework

The figure below is the risk management framework as applied by a.s.r.


**Risk Management framework**

The Risk Management (RM) framework consists of risk strategy (including risk appetite), risk governance, systems and data, risk policies and procedures, risk culture, and risk management process. The RM framework contributes to achieving the strategic, tactical and operational objectives as set out by a.s.r.

**Risk strategy (incl. risk appetite)**

Risk strategy is defined to contain at least the following elements:
- Strategic objectives that are pursued;
- The risk appetite in pursuit of those strategic objectives.

a.s.r.'s risk strategy aims to ensure that decisions are made within the boundaries of the risk appetite, as stipulated annually by the EB and the SB (see chapter Risk strategy and risk appetite).

**Risk governance**

Risk governance can be seen as the way in which risks are managed, through a sound risk governance structure and clear tasks and responsibilities, including risk ownership. a.s.r. employs a risk governance framework that entails the tasks and responsibilities of the risk management organisation and the structure of the Risk committees (see chapter Risk governance).

**Systems and data**

Systems and data support the risk management process and provide management information to the risk committees and other relevant bodies. a.s.r. finds it very important to have qualitatively adequate data, models and systems in place, in order to be able to report and steer correct figures and to apply risk-mitigating measures timely. To ensure this, a.s.r. has designed a policy for data quality and model validation in line with Solvency II. Tools, models and systems are implemented to support the risk management process by giving guidance to and insights into the key risk indicators, risk tolerance levels, boundaries and actions, and remediation plans to mitigate risks (see chapter Systems and data).

**Risk policies and procedures:**
Risk policies and procedures at least:
- Define the risk categories and the methods to measure the risks;
- Outline how each relevant category, risk area and any potential aggregation of risk is managed;
- Describe the connection with the overall solvency needs assessment as identified in the ORSA, the regulatory capital requirements and the risk tolerances;
- Provide specific risk tolerances and limits within all relevant risk categories in line with the risk appetite statements;
- Describe the frequency and content of regular stress tests and the circumstances that would warrant ad-hoc stress tests.

The classification of risks within a.s.r. is performed in line with, but is not limited to, the Solvency II risks. Each risk category consists of a policy that explicates how risks are identified, measured and controlled within a.s.r. (see chapter Risk policies and procedures).

**Risk culture**
An effective risk culture is one that enables and rewards individuals and groups for taking risks in an informed manner. It is a term describing the values, beliefs, knowledge, attitudes and understanding about risk. All the elements of the RM framework combined make an effective risk culture.

Within a.s.r. risk culture is an important element that emphasises the human side of risk management. The EB has a distinguished role in expressing the appropriate norms and values (tone at the top). a.s.r. employs several measures to increase the risk awareness and, in doing so, the risk culture (see chapter Risk culture).

**Risk management process**
The risk management process contains all activities within the RM processes to structurally 1) identify risks; 2) measure risks; 3) manage risks; 4) monitor and report on risks; and 5) evaluate the risk profile and risk management framework. At a.s.r., the risk management process is used to implement the risk strategy in the steps mentioned. These five steps are applicable to the risks within the company to be managed effectively (see chapter Risk Management process).

### 6.8.1.1.1 Risk management strategy and risk appetite
a.s.r.'s risk strategy aims to ensure that decisions are made within the boundaries of the risk appetite, as stipulated annually by the EB and the SB.

Risk appetite is defined as the level and type of risk a.s.r. is willing to bear in order to meet its strategic, tactical and operational objectives. The risk appetite is formulated to give direction to the management of the (strategic) risks. The risk appetite contains a number of qualitative and quantitative risk appetite statements and is defined for both financial (FR) and non-financial risks (NFR). The statements highlight the risk preferences and limits of the organisation and are viewed as key elements for the realisation of the strategy. The statements and limits are defined at both group level and at legal entity level and are determined by the a.s.r. risk committee and approved by the SB.

The statements are evaluated yearly to maintain alignment with the strategy. The NFR statements have been strengthened in 2021, but not materially changed. FR statements have not been changed at a.s.r group level.

**Risk appetite statement ASR Nederland N.V. 2021**

| | | |
|---|---|---|
| 1 | ASR Nederland N.V. places long-term value creation at the forefront of its (strategic) operations and ensures that all stakeholders' interests are met in a balanced and sustainable way. | NFR |
| 2 | ASR Nederland N.V. acts in a sustainable and (socially) responsible manner. | NFR |
| 3 | ASR Nederland N.V. has effective and controlled (business) processes, whereby the customer data quality is in order. | NFR |
| 4 | ASR Nederland N.V. has reliable financial reports, whereby IFRS and Solvency II data quality is in order. | NFR |
| 5 | ASR Nederland N.V. manages its internal and external outsourcing in a controlled and effective way. | NFR |
| 6 | ASR Nederland N.V. processes information safely (in accordance with availability, confidentiality and integrity requirements) and is cyber threat resilient. | NFR |
| 7 | ASR Nederland N.V. has controlled projects (in terms of timeliness, budget and/ or quality). | NFR |
| 8 | ASR Nederland N.V. and those working for or on behalf of a.s.r. act in accordance with applicable laws and regulations, self-regulation, and ethical and internal standards. a.s.r. meets the legitimate expectations and interests of its stakeholders and puts the customer's interests at the heart of its proposition. a.s.r. therefore provides products and services that are cost-efficient, useful, safe and understandable for customers, distribution partners, society and a.s.r. itself. Acting with integrity protects and strengthens a.s.r.'s reputation. | NFR |
| 9 | ASR Nederland N.V. has a minimum SCR ratio of 120%. | FR |
| 10 | ASR Nederland N.V. remains within the bandwidth of periodically reassessed market risk budgets. | FR |
| 11 | ASR Group (including ASR Nederland N.V., ASR Levensverzekering N.V. and ASR Schadeverzekering N.V.) has at least a single A rating and therefore holds an AA rating in accordance with the S&P Capital Model. | FR |
| 12 | ASR Nederland N.V. assesses the amount of dividend payments against the current and expected future solvency ratio and economic outlook. Dividend payments are in line with the conditions laid down in the capital and dividend policy of ASR Nederland N.V. | FR |
| 13 | ASR Nederland N.V. has a maximum financial leverage ratio of 40%. Financial leverage ratio = Debt / (Debt + Equity). | FR |
| 14 | ASR Nederland N.V. has a maximum double leverage ratio of 135%.Double leverage ratio = Total value of associates / (equity attributable to shareholders + hybrids and subordinated liabilities). | FR |
| 15 | ASR Nederland N.V. has a minimum interest coverage ratio of between 4 and 8. Interest coverage ratio = EBIT operational / interest expense. | FR |
| 16 | a. ASR Nederland N.V. is capable of releasing liquidities worth up to € 1 billion over a 1-month period following stress.<br>b. ASR Nederland N.V. remains capable of meeting its collateral requirements in the event of an (instant) increase of 3% interest rate. | FR |
| 17 | ASR Nederland N.V. generates a robust and high-quality operational ROE, i.e. pursues an overall ROE > 12% and seeks an ROE > 10% for individual investment decisions, where in exceptional cases an ROE > 8% is accepted. | FR |
| 18 | ASR Nederland N.V. (excl. ASR Ziektekosten) has a maximum combined ratio of 99%. | FR |
| 19 | ASR Nederland N.V. has a total SCR market risk which will be a maximum of 50% of the total risk. | FR |

Risk strategy aims to ensure that management decisions lead to a risk profile that remains within the risk limits. The risk strategy entails all processes to identifying, assessing and managing risks and opportunities. Through a combined top-down and bottom-up Strategic Risk Analysis (SRA) approach, the most important strategic risks are identified. For each of the strategic risks an estimation of the likelihood and impact is made to prioritise the risks. The main strategic risks are translated into 'risk priorities' and 'emerging risks' at group level and are monitored throughout the year. Important changes in risk priorities and emerging risks are reported to the a.s.r. risk committee and the Audit & Risk Committee. Output from the SRA, combined with the risk appetite statements, provides insight into the strategic risk profile of a.s.r. and underlying legal entities. The entire risk profile is monitored in the relevant risk committees.

### 6.8.1.1.2 **Risk governance**

a.s.r.'s risk governance can be described by:
- risk ownership;
- the implemented three lines of defence model and associated (clear delimitation of) tasks and responsibilities of key function holders; and
- the risk committee structure to ensure adequate decision making.

**Risk ownership**

The EB has the final responsibility for risk exposures and management within the organisation. Part of the responsibilities have been delegated to persons that manage the divisions where the actual risk-taking takes place. Risk owners are accountable for one or more risk exposures that are inextricably linked to the department or product line they are responsible for. Through the risk committee structure, risk owners provide accountability for the risk exposures.

### Three lines of defence

The risk governance structure is based on the 'three lines of defence' model. The 'three lines of defence' model consists of three defence lines with different responsibilities with respect to the ownership of controlling risks. The model below provides insight in the organisation of the three lines of defence within a.s.r.

**Three lines of defence**

| First line of defence | Second line of defence | Third line of defence |
|---|---|---|
| • Executive Board<br>• Management teams of the business lines and their employees<br>• Finance & risk decentral | • Group Risk Management department<br>- Risk management function<br>- Actuarial function<br>• Integrity department<br>- Compliance function | • Audit department<br>- Internal audit function |
| Ownership and implementation | Policies and monitoring implementation by 1st line | Independent assessment of 1st and 2nd lines |
| • Responsible for the identification and the risks in the daily business<br>• Has the day-to-day responsibility for operations (sales, pricing, underwriting, claims handling, etc.) and is responsible for implementing risk frameworks and policies. | • Challenges the 1st line and supports the 1st line to achieve their business objectives in accordance with the risk appetite<br>• Has sufficient countervailing power to prevent risk concentrations and other forms of excessive risk taking<br>• Responsible for developing risk policies and monitoring the compliance with these policies | • Responsible for providing dedicated assurance services and oversees and assesses the functioning and the effectiveness of the first two lines of defence |

*Positioning of key functions*

Within the risk governance, the key functions (compliance, risk, actuarial and audit) are organised in accordance with Solvency II regulation. They play an important role as countervailing power of management in the decision-making process. The four key functions are independently positioned within a.s.r. In all the risk committees one or more key functions participate. None of the functions has voting rights in the committees, in order to remain fully independent as countervailing power. All functions have direct communication lines with the EB and can escalate to the chairman of the Audit & Risk Committee of the SB. Furthermore, the key functions have regular meetings with the supervisors of the Dutch Central Bank (DNB) and / or The Dutch Authority for the Financial Markets (AFM).

*Group Risk Management*

GRM is responsible for the execution of the risk management function (RMF) and the actuarial function (AF). The department is led by the CRO, which is also the RMF holder. GRM consists of the following sub-departments:
- Enterprise Risk Management;
- Financial Risk Management;
- Model validation.

*Enterprise Risk Management*

Enterprise Risk Management (ERM) is responsible for second-line strategic and operational (including IT) risk management and the enhancement of the risk awareness for a.s.r. and its subsidiaries. The responsibilities of ERM include the development of risk policies, the annual review and update of the risk strategy (risk appetite), the coordination of the SRA process leading to the risk priorities and ORSA scenarios and the monitoring of the non-financial risk profile. For the management of operational risks, a.s.r. has a solid Risk-Control framework in place that contributes to its long-term solidity. The quality of the framework is continuously enhanced by the analysis of operational incidents, periodic risk assessments and monitoring by the RMF. ERM actively promotes risk awareness at all levels to contribute to the vision of staying a socially relevant insurer.

*Financial Risk Management*

Financial Risk Management (FRM) is responsible for the second line financial risk management and supports both the AF and RMF. An important task of FRM is to be the countervailing power to the EB and management in managing financial risks for a.s.r. and its subsidiaries. FRM assesses the accuracy and reliability of the market risk, counterparty risk, insurance risk and liquidity risk, risk margin and best estimate liability. As part of the AF, FRM reviews the technical provisions, monitors methodologies, assumptions and models used in these calculations, and assesses the adequacy and quality of data used in the calculations. Furthermore, the AF expresses an opinion on the underwriting policy and determines if risks related to the profitability of new products are sufficiently addressed in the product development process. The AF also expresses an opinion on the adequacy of reinsurance arrangements. Other responsibilities of financial risk management are e.g. monitoring Solvency II compliancy (e.g. changes in Solvency II regulation), updating policies on valuation and risk, activities related to the DNB (National Supervisor), assessment of the ORSA (financial parts), assessment of strategic initiatives.

*Model validation*
The Model Validation (MV) department is responsible for performing validation activities or having them carried out in accordance with the drawn up annual model validation plan. MV is responsible for supervising compliance with the model validation policy, discussing and challenging the (draft) validation reports and advising the Model Committee. The MV is a separate sub-department within GRM. The MV is part of the RMF and operates independent of the AF.

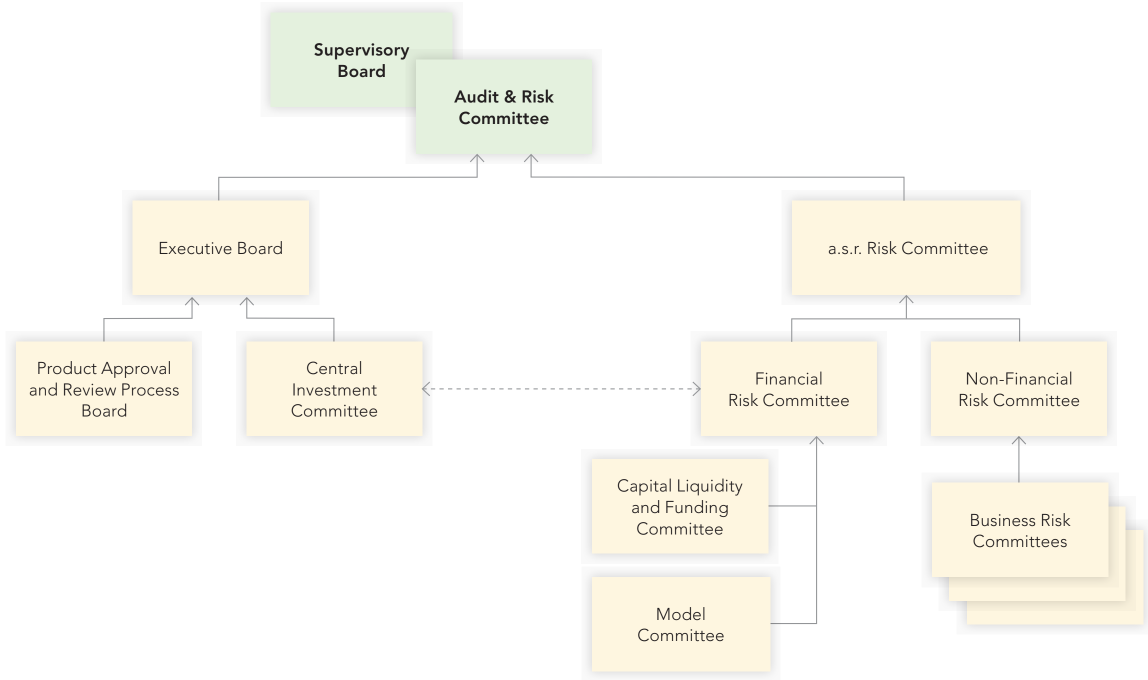
*Compliance*
Compliance is responsible for the execution of the compliance function. An important task of Compliance is to be the countervailing power to the EB and other management in managing compliance risks for a.s.r. and its subsidiaries. The mission of the compliance function is to enhance and ensure a controlled and sound business operation.

As second line of defence, Compliance encourages the organisation to comply with relevant rules and regulations, ethical standards and the internal standards derived from them ('rules') by providing advice and formulating policies. Compliance supports the first line in the identification of compliance risks and assesses the effectiveness of risk management on which Compliance reports to the relevant risk committees. In doing so, Compliance uses a compliance risk and monitoring framework. In line with risk management, Compliance also creates further awareness to comply with the rules and desired ethical behavior. Compliance coordinates interaction with regulators in order to maintain effective and transparent relationships with those authorities.

*Audit*
The Audit department, the third line of defence, provides an independent opinion on governance, risk and management processes, with the goal of supporting the EB and other management of a.s.r. in achieving the corporate objectives. To that end, Audit evaluates the effectiveness of governance, risk and management processes, and provides pragmatic advice that can be implemented to further optimise these processes. In addition, senior management can engage Audit for specific advisory projects.

*Risk committee structure*
a.s.r. has established a structure of risk committees with the objective to monitor the risk profile for a.s.r. group, its legal entities and its business lines in order to ensure that it remains within the risk appetite and the underlying risk tolerances and risk limits. When triggers are hit or likely to be hit, risk committees make decisions regarding measures to be taken, being risk-mitigating measures or measures regarding governance, such as the frequency of their meetings. For each of the risk committees a statute is drawn up in which the tasks, composition and responsibilities of the committee are defined.

## Risk committee structure




*Audit & Risk Committee*

The Audit & Risk Committee was established by the Supervisory Board to gain support, among other things, in the following matters:

- Assessment of the risk appetite proposal and quarterly monitoring of the risk profile;
- Assessment of the annual report, including the financial statements of a.s.r.;
- The relationship with the independent external auditor, including the assessment of the quality and independence of the independent external auditor and the proposal by the SB to the AGM to appoint the independent external auditor;
- The performance of the audit function, compliance function, the actuarial function and the risk management function;
- Compliance with rules and regulations; and
- The financial position.

The Audit & Risk Committee has three members of the SB, one of whom acts as the chairman.

*a.s.r. risk committee*

The a.s.r. risk committee monitors a.s.r.'s overall risk profile on a quarterly basis. At least annually, the a.s.r. risk committee determines the risk appetite statements, limits and targets for a.s.r. This relates to the overall a.s.r. risk appetite and the subdivision of risk appetite by financial and non-financial risks. The risk appetite is then submitted to the a.s.r. Audit & Risk Committee, which advises the SB on the approval of the risk appetite. The a.s.r. risk committee also monitors the progress made in managing risks included in the Risk Priorities of the EB.

All members of the EB participate in the a.s.r. risk committee, which is chaired by the CEO. The involvement of the EB ensures that risk decisions are being addressed at the appropriate level within the organisation. In addition to the EB, the Key Functions (Risk management, Compliance, Internal audit, Actuarial function) are members of the Committee.

*Non-Financial Risk Committee*

The Non-Financial Risk Committee (NFRC) discusses, advises and decides upon non-financial risk policies. The most relevant risk policies are approved by the a.s.r. risk committee. The NFRC monitors that non-financial risks are managed adequately and monitors that the risk profile stays within the agreed risk limits. If the risk profile exceeds the limits, the NFRC takes mitigating actions. The NFRC reports to the a.s.r. risk committee. The NFRC is chaired by a member of the EB.

*Financial Risk Committee*

The Financial Risk Committee (FRC) discusses and decides upon financial risk policies. The most relevant financial risk policies are approved by the a.s.r. risk committee. The FRC monitors and controls financial risks (market, insurance (life and non-life) and counterparty default risk). The FRC also monitors whether the risk profile stays within the risk limits. If the risk profile exceeds these limits, the FRC takes mitigating actions. The FRC reports to the a.s.r. risk committee. The Chairman of the FRC is the CFO.

*Capital, Liquidity and Funding Committee*
The Capital, Liquidity and Funding Committee (CLFC) is a subcommittee of the FRC. As such, the CLFC prepares and assesses the technical analysis of capital, liquidity and funding positions, rating policy, rating model reporting, and treasury activities. The Chairman of the CLFC is the Director of Group Asset Management.

*Model Committee*
The model committee (MC) is a subcommittee of the FRC and is responsible for the execution and update of the model validation policy and the approval of validation of existing or newly developed models. The MC receives all required information for the validation of models (e.g. model documentation and validation reports) prepared by the Model Validation (MV) department that assures the quality of the validation process. The chairman of the MC is the Director of Finance, Risk and Performance Management (FRPM).

*Business Risk Committees*
The business lines manage and control their risk profile through the Business Risk Committees (BRC). The BRC's monitor that the risk profile of the business lines stays within the risk appetite, limits and targets, as formulated by the EB. The BRC reports to the FRC and the NFRC. The Chairman of the BRC is the Managing Director of the business line.

*Central Investment Committee*
In addition to the risk committee structure, the Central Investment Committee (CIC) monitors tactical decisions and the execution of the investment policy. It takes investment decisions within the boundaries of the strategic asset allocation as agreed upon in the FRC. The CIC bears particular responsibility for investment decisions exceeding the mandate of the investment department. The CIC is chaired by the Director of Group Balance Sheet Management (GBSM).

*Product Approval and Review Process Board*
The Product Approval & Review Process Board (PARP Board) is responsible for the final decision-making process around the introduction of new products and adjustments in existing products. The committee evaluates if potential risks in newly developed products are sufficiently addressed. New products need to be developed in such a way that they are cost efficient, reliable, useful and secure for our clients. New products also need to have a strategic fit with a.s.r.'s mission to be a solid and trustful insurer. In addition, the risks of existing products are evaluated, as requested by the PARP as a result of product reviews. The PARP Board is chaired by the managing Director of the business line Health.

### 6.8.1.1.3 **Systems and data**
GRC tooling is implemented to support the risk management process by giving guidance and insight into the key risk indicators, risk tolerance levels, boundaries and actions and remediation plans to mitigate risks. The availability, adequacy and quality of data and IT systems is important in order to ensure that correct figures are reported and risk mitigating measures can be taken in time. It is important to establish under which conditions the management information that is submitted to the risk committees has been prepared and which quality safeguards were applied in the process of creating this information. This allows the risk committees to ascertain whether the information is sufficient to base further decisions upon.

a.s.r. has a Data Governance and Quality policy in place to support the availability of correct management information. This policy is evaluated on an annual basis and revised at least every three years to keep the standards in line with the latest developments on information management. The quality of the information is reviewed based on the following aspects, based on Solvency II:
- completeness (including documentation of accuracy of results)
- adequacy
- reliability
- timeliness

Adherence to this policy is ensured by the three lines of defence risk governance model. With a new Central Data Office and a Data Quality Improvement Programme, additional measures are taken to increase maturity in data management practices.

The preparatory body or department checks the assumptions made and the plausibility of the results, and ensures coordination with relevant parties. When a preparatory body has established that the information is reliable and complete, it approves and formally submits the document(s) to a risk committee.

The information involved tends to be sensitive. To prevent unauthorised persons from accessing it, it is disseminated using a secure channel or protected files. a.s.r.'s information security policy contains guidelines in this respect.

a.s.r.'s information security policy is based on market standards, like ISO 2700x, COBIT 2019, NIST Cybersecurity framework, SOC2 principles, PCI DSS, COSO, BS 25999, ISO 31000, ITIL en PMF. These standards describes best practices for the implementation of information security.

The aim of the information security policy is to take measures to ensure that the requirements regarding availability, reliability and integer and confidential use of systems and data are met.

- Information availability refers to the degree to which the information is at hand as soon as the organisation needs it, meaning, for instance, that the information should be retrievable on demand and that it can be consulted and used at the right time;
- The integrity, i.e. reliability, of information is the degree to which it is up-to-date, complete and error-free;
- 'Confidential use' refers to the degree to which the information is available to authorised persons only and the extent to which it is not available to unauthorised persons.

There are technical solutions for accomplishing this, by enforcing a layered approach (defence-in-depth) of technical measures to avoid unauthorised persons (i.e. hackers) to compromise a.s.r. corporate data and systems. In this perspective, one may think of methods of logical access management, intrusion detection techniques, in combination with firewalls are aimed at preventing hackers and other unauthorised persons from accessing information stored on a.s.r. systems.
Nevertheless, confidential information can also have been committed to paper. In addition to technical measures there are physical measures and measures that helps the right awareness of personnel as part of the information security environment. The resilience of this approach is actively tested.

When user defined models (e.g. spreadsheets) are used for supporting the RM Framework, the 'a.s.r. Standard for End user computing'- in addition to the general security policy - defines and describes best practices in order to guard the reliability and confidentiality of these tools and models. a.s.r. recognises the importance of sound data quality and information management systems.
The management of IT and data risks of the implemented tools, models and systems (including data) is part of the Operational IT risk management.

### 6.8.1.1.4 **Risk policies and procedures**

a.s.r. has established guidelines, including policies that cover all main risk categories (market, counterparty default, liquidity, underwriting, strategic and operational). These policies address the accountabilities and responsibilities regarding management of the different risk types. Furthermore, the methodology for risk measurement is included in the policies. The content of the policies is aligned to create a consistent and complete set. The risk policy landscape is maintained by GRM and Compliance. These departments also monitor the proper implementation of the policies in the business. New risk policies or updates of existing risk policies are approved by the risk committees as mentioned previously.

### 6.8.1.1.5 **Risk culture**

Risk awareness is a vital component of building a sound risk culture within a.s.r. that emphasises the human aspect in the management of risks. In addition to gaining sufficient knowledge, skills, capabilities and experience in risk management, it is essential that an organisation enables objective and transparent risk reporting in order to manage them more effectively.

The EB clearly recognises the importance of risk management and is therefore represented in all of the major group level risk committees. Risk Management is involved in the strategic decision-making process, where the company's risk appetite is always considered. The awareness of risks during decision-making is continually addressed when making business decisions, for example by discussing and reviewing risk scenarios and the positive and / or negative impact of risks before finalising decisions.

It is very important that this risk awareness trickles down to all parts of the organisation, and therefore management actively encourages personnel to be aware of risks during their tasks and projects, in order to avoid risks or mitigate them when required. The execution of risk analyses is embedded in daily business in, for example, projects, product design and outsourcing.

In doing so, a.s.r. aims to create a solid risk culture in which ethical values, desired behaviours and understanding of risk in the entity are fully embedded. Integrity is of the utmost importance at a.s.r.: this is translated into a code of conduct and strict application policies for new and existing personnel, such as taking an oath or promise when entering the company, and the 'fit and proper' aspect of the Solvency II regulation, ensuring that a.s.r. is overseen and managed in a professional manner.

Furthermore, a.s.r. believes it is important that a culture is created in which risks can be discussed openly and where risks are not merely perceived to be negative and highlight that risks can also present a.s.r. with opportunities. Risk Management (both centralised and decentralised) and Compliance are positioned as such, that they can communicate and report on risks independently and transparently, which also contributes to creating a proper risk culture.

### 6.8.1.1.6 **Risk management process**

The risk management process typically comprises of five important steps: 1) identifying; 2) measuring; 3) managing; 4) monitoring and reporting; and 5) evaluating[1]. a.s.r. has defined a procedure for performing risk analyses and standards for specific assessments. The five different steps are explained in this chapter.

*Identifying*

Management should endeavour to identify all possible risks that may impact the strategic objectives of a.s.r., ranging from the larger and / or more significant risks posed on the overall business, down to the smaller risks associated with individual projects or smaller business lines. Risk identification comprises of the process of identifying and describing risk sources, events, and the causes and effects of those events.

*Measuring*

After risks have been identified, quantitative or qualitative assessments of these risks take place to estimate the likelihood and impact associated with them. Methods applicable to the assessment of risks are:
- Sensitivity analysis
- Stress testing
- Scenario analysis
- Expert judgments (regarding likelihood and impact)
- Portfolio analysis

*Managing*

Typically, there are five strategies to managing risk:
- *Accept*: risk acceptance means accepting that a risk might have consequences, without taking any further mitigating measures.
- *Avoid*: risk avoidance is the elimination of activities that cause the risk.
- *Transfer*: risk transference is transferring the impact of the risk to a third party.
- *Mitigate*: risk mitigation involves the mitigation of the risk likelihood and / or impact.
- *Exploit*: risk exploitation revolves around the maximisation of the risk likelihood and / or increasing the impact if the risk does happen.

Risk management strategies are chosen in a way that ensures that a.s.r. remains within the risk appetite tolerance levels and limits.

*Monitoring and reporting*

The risk identification process is not a continuous exercise. Therefore, risk monitoring and reporting are required to capture changes in environments and conditions. This also means that risk management strategies could, or perhaps should, be adapted in accordance with risk appetite tolerance levels and limits.

*Evaluating*

The evaluation step is twofold. On the one hand, evaluation means risk exposures are evaluated against risk appetite tolerance levels and limits, taking (the effectiveness of) existing mitigation measures into account. The outcome of the evaluation could lead to a decision regarding further mitigating measures or changes in risk management strategies.
On the other hand, the risk management framework (including the risk management processes) is evaluated by the risk management function, in order to continuously improve the effectiveness of the risk management framework as a whole.

## 6.8.1.2 a.s.r.'s risk categories

a.s.r. is exposed to a variety of risks. There are six main risk categories that a.s.r. recognises, as described below.

**Insurance risk**

Insurance risk is the risk that premium and / or investment income or outstanding reserves will not be sufficient to cover current or future payment obligations, due to the application of inaccurate technical or other assumptions and principles when developing and pricing products. a.s.r. recognises the following insurance risks:
- Life insurance risk
- Health insurance risk
- Non-life insurance risk

**Market risk**

The risk of changes in values caused by market prices or volatility of market prices differing from their expected values. The following types of market risk are distinguished:
- Interest rate risk
- Equity risk
- Property risk
- Spread risk

1 Based on COSO ERM en ISO 31000.

- Currency risk
- Concentration risk / market concentration risk

**Counterparty default risk**
Counterparty default risk is the risk of losses due to the unexpected failure to pay or credit rating downgrade of counterparties and debtors. Counterparty default risk exists in respect of the following counterparties:
- Reinsurers
- Consumers
- Intermediaries
- Counterparties that offer cash facilities
- Counterparties with which derivatives contracts have been concluded
- Healthcare providers
- Zorginstituut Nederland

**Liquidity risk**
Liquidity risk is the risk that a.s.r. is not able to meet its financial obligations to policyholders and other creditors when they become due and payable, at a reasonable cost and in a timely manner.

**Operational risk**
Operational risk is the risk of losses caused by weak or failing internal procedures, weaknesses in the action taken by personnel, weaknesses in systems or because of external events. The following subcategories of operational risk are used:
- Sustainability
- Business process
- Financial reporting
- Outsourcing
- Information technology
- Project risks

**Strategic risk**
Strategic risk is the risk of a.s.r. or its business lines failing to achieve the objectives due to incorrect decision-making, incorrect implementation and / or an inadequate response to changes in the environment. Such changes may arise in the following areas:
- Climate change and energy transition
- Crime
- Pandemics
- Regulation
- Technology
- Interest rates

Strategic risk may arise due to a mismatch between two or more of the following components: the objectives (resulting from the strategy), the resources used to achieve the objectives, the quality of implementation, the economic climate and / or the market in which a.s.r. and / or its business lines operate.

## 6.8.2 Insurance risk

Insurance risk is the risk that future insurance claims and benefits cannot be covered by premium and / or investment income, or that insurance liabilities are not sufficient, because future expenses, claims and benefits differ from the assumptions used in determining the best estimate liability. Insurance risk manifests itself in both the Non-life and the Life portfolio. The Non-life portfolio covers the property and casualty, disability and healthcare sectors. The Life portfolio consists of funeral, individual life and pensions business.

Risk-mitigating measures are used to reduce and contain the volatility of results or to decrease the possible negative impact on value as an alternative for the capital requirement. Proper pricing, underwriting, reinsurance, claims management, and diversification are the main risk mitigating actions for insurance risks. By offering a range of different insurance products, with various product benefits and contract lengths, and across Life, Disability and Health and P&C insurance risk, a.s.r. reduces the likelihood that a single risk event will have a material impact on a.s.r.'s financial condition.

The solvency buffer is held by a.s.r. to cover the risk that claims may exceed the available insurance provisions and to ensure its solidity. The solvency position of a.s.r. is determined and continuously monitored in order to assess if a.s.r. meets the regulatory requirements.

a.s.r. measures its risks based on the standard model as prescribed by the Solvency II regime. The Solvency Capital Requirement (SCR) for each insurance risk is determined as the change in own funds caused by a predetermined shock which is calibrated to a 1-in-200-year event. The basis for these calculations are the Solvency II technical provisions which are calculated as the sum of a best estimate and a risk margin.

The insurance risk arising from the insurance portfolios of a.s.r. is as follows:

**Insurance risk - required capital**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Life insurance risk | 1,584 | 1,765 |
| Health insurance risk | 1,213 | 1,151 |
| Non-life insurance risk | 591 | 547 |
| | | |
| **Total excluding diversification between insurance risks** | **3,388** | **3,463** |

The Life insurance risk decreased as a result of the increase of the interest rates, the update of the non economic assumptions and the development of the insured population. The Health and Non life insurance risk increased as a result of update of the non economic assumptions and the growth of the insured population.

## Solvency II sensitivities

a.s.r. has assessed the impact of various sensitivities on the solvency ratio. The sensitivities as at 31 December 2021 and 2020, expressed as impact on the group solvency ratio (in percentage points) are as follows:

**Solvency II sensitivities - insurance risks**

| Effect on: | Available capital | | Required capital | | Ratio | |
|---|---|---|---|---|---|---|
| Type of risk (%-points) | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| Expenses +10% | -5 | -6 | -1 | -1 | -7 | -7 |
| Mortality rates, all products -5% | -4 | -5 | - | - | -5 | -5 |
| Lapse rates -10% | - | - | - | - | - | - |

**Solvency II sensitivities - explanation**

| Risk | Scenario |
|---|---|
| Expense risk | Measured as the impact of a 10% increase in expense levels. |
| Mortality risk | Measured as the impact of a 5% decrease in all mortality rates. |
| Lapse risk | Measured as the risk of a 10% decrease in lapse rates. |

The table above shows that the SCR sensitivities in 2021 are (almost) similar to the sensitivities of 2020. The impact on the ratio is the opposite if a reversed scenario is taken into account.

In accordance with a.s.r.'s accounting policy, the LAT is performed at the Segment Life level (for the consolidated financial statements of a.s.r.) and at that level there is a LAT-surplus.

However, at the end of 2021, at a.s.r. Life a shortfall in the LAT for the insurance liabilities has arisen. The continuing low interest rate combined with rising inflation in 2021, the expiring life and pension books and a decrease in the spreads on investments has caused an increase in the best estimate provision (Solvency II provision) of the in-force policies. The test of this best estimate versus the insurance liabilities shows a shortfall of € 289 million. The liabilities from insurance contracts at a.s.r. life have been increased accordingly so that the provision will meet the level of the best estimate.

### 6.8.2.1 Life Insurance risk

The Life portfolio can be divided into Funeral, Individual life and Pensions. The insurance contracts are sold primarily to retail and wholesale clients through intermediaries.

The products are sold as insurance products in cash or unit-linked contracts. With respect to products in cash, the investment risk is fully borne by the insurer whereas, in the case of unit-linked products, the majority of the investment risk is for the policyholder's account.

The SCR for Life insurance risks is determined on the level of model points. A model point is a group of policies with equal characteristics and used as a subset of a homogeneous risk group. The model points are sufficiently homogeneous and therefore netting between positive and negative risks is not material.

The following Life insurance risks are involved:

**Mortality risk**
Mortality risk is associated with (re)insurance obligations, such as endowment or term assurance policies, where a payment or payments are made in case of the policyholder's death during the contract term. The increase in mortality rates is applied to (re)insurance obligations which are contingent on mortality risk. The required capital for this risk is calculated as the change in own funds of a permanent increase of mortality rates by 15% for all ages and each policy.

**Longevity risk**
Longevity risk is associated with (re)insurance obligations where payments are made until the death of the policyholder and where a decrease in mortality rates results in higher technical provisions. The decrease in mortality rates is applied to (re)insurance obligations where payments are contingent on longevity risk. The required capital is calculated as the change in own funds of a permanent decrease of mortality rates by 20%.

**Disability-morbidity risk**
Morbidity or disability risk is associated with all types of insurance compensating or reimbursing losses (e.g. loss of income, adverse changes in the best estimate of the liabilities) caused by changes in the morbidity or disability rates. Solvency II prescribes a 35% increase in disability rates for the first year, 25% for subsequent years, combined with a decrease in recovery rates of 20%. However for the Life portfolio, disability and recovery rates are not modelled because of the limited impact and risk. Instead an experience percentage substitutes the role of these rates in the model. The disability-morbidity risk is calculated on policy level by increasing the experience percentage with 25%.

**Lapse risk**
Lapse risk is the risk of losses (or adverse changes in the best estimate of the liabilities) due to an unanticipated (higher or lower) rate of policy lapses, terminations, changes to paid-up status (cessation of premium payment) and surrenders. The effect of the lapse risk is equal to the highest result of a permanent increase in lapse rates of 50%, a permanent decrease in lapse rates of 50% or a mass lapse event (70% of insurance policies in collective pension funds or 40% of the remaining insurance policies). The lapse shocks are only applied to portfolios where this leads to a higher best estimate.

Especially in the case of funeral policies the netting of positive and negative risks within model points can be considerable for policies that can be surrendered (completely ending the policy, with payment of surrender value) in the case of the mass lapse. In most cases, the shock scenario for determining the SCR for mass lapse for funeral policies consists of an immediate shock of 40% with respect to the continuation of premium payment (mass 'pup'-scenario). This is mostly in line with policy conditions. The mass pup treatment in the funeral portfolio for mass lapse risk reduces the netting of positive and negative risks to a level that is not material.

**Expense risk**
A calculation is made of the effect on own funds of a permanent increase in costs used for determining the best estimate. The scenario analysis contains an increase in the costs of 10% and an increase in the cost inflation of 1 percentage point per year. This scenario also includes a similar shock in the investment costs. Both the internally and externally managed investment costs are involved in this scenario.

**Life catastrophe risk**
Catastrophe risk arises from extreme events which are not captured in the other Life insurance risks, such as pandemics. The capital requirement for this risk is calculated as a 1.5 per mille increase in mortality rates in the first projected year for (re)insurance obligations where the increase in mortality rates leads to an increase in technical provisions.

**Mortgage Loans**
Within the Individual life portfolio there is a group of policies directly linked to a mortgage loan ('Spaarhypotheken'). In case the mortgage loan is not provided by a.s.r., but by another party, which is the case for most of these policies, the interest that a.s.r. reimburses to the policyholder is claimed from the party that has provided the mortgage loan. This cashflow of interests from the provider of the mortgage loan to a.s.r. represents an asset. The cashflow and value of this asset depends on the cashflow of the linked savings policy. Therefore, the change in this asset value due to mortality or lapse is taken into account when determining the SCR for Life insurance risks.

**Employee benefits**
Until 31 December 2020, a.s.r. offered its employees post-employment defined benefit (DB) plans. As of 1 January 2021 a.s.r. offers its employees a defined contribution (DC) plan. This DC plan has been agreed for the period 1 January 2021 until 31 December 2025. The existing DB plan has ended and will not be renewed. The accrued pensions (until 1 January 2021) will remain guaranteed at a.s.r. life and are not transferred to the DC plan. The plan amendments are recognised directly through profit of loss.

The accrued benefits under the DB plans are insured with a.s.r. life, an insurance company within the group. Though the liability of the DB plans is classified as employee benefits on the balance sheet and determined according to IFRS principles, the required capitals for the Life insurance risks are fully taken into account and based on Solvency II principles. The risk margin at a.s.r. group level equals the sum of risk margins of all underlying OTSOs. No correction is made for the elimination of post-employment benefit plans for a.s.r.'s employees with a.s.r. life.

The DC plan is classified as a DC plan according to IAS19 and is not accommodated in a separate entity. a.s.r. bears risks associated with death and disability and concerning the option the employees have of purchasing a guaranteed entitlement directly out of the DC. These risks are limited and will be accounted for according to IAS19.

**Other information**

Within a.s.r. life the longevity risk is dominant and arises from group pension business and individual annuities. The longevity risk is partly offset by mortality risk that arises from the funeral portfolio and individual policies with mortality. The other main risks a.s.r. life is exposed to are expense risk and lapse risk.

The table below summarises the required capital for abovementioned life insurance risks based on the standard model after application of Loss Absorbing Capacity of Technical Provisions (LAC TP). The impact of LAC TP increased in 2021 to € 99 million (2020: € 74 million).

**Life insurance risk - required capital**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Mortality risk | 238 | 267 |
| Longevity risk | 1,166 | 1,317 |
| Disability-morbidity risk | 3 | 5 |
| Lapse risk | 260 | 287 |
| Expense risk | 612 | 662 |
| Revision risk | - | - |
| Catastrophe risk (subtotal) | 76 | 82 |
| Diversification (negative) | -770 | -855 |
| **Life insurance risk** | **1,584** | **1,765** |

For the Life portfolio, the provision at year-end (provided figures are without reductions resulting from reinsurance contracts) can be broken down as follows under Solvency II:

**Life portfolio - technical provisions per segment**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| **Insurance with profit participation** | | |
| Best estimate | 15,216 | 17,414 |
| Risk margin | 880 | 1,128 |
| **Technical provision** | **16,096** | **18,542** |
| **Other life insurance** | | |
| Best estimate | 17,300 | 17,711 |
| Risk margin | 916 | 1,040 |
| **Technical provision** | **18,217** | **18,752** |
| **Index-linked and unit-linked insurance** | | |
| Best estimate | 11,846 | 10,265 |
| Risk margin | 89 | 77 |
| **Technical provision** | **11,935** | **10,342** |
| **Total** | | |
| Best estimate | 44,362 | 45,391 |
| Risk margin | 1,886 | 2,246 |
| **Technical provision** | **46,247** | **47,636** |

In 2021 the technical provisions decreased with € 1,389 million, this was mainly caused by increased interest rates, the run-off of the portfolio, which is partly offset by the increases of the unit linked value.

#### 6.8.2.1.1 **Managing Life insurance risk**
Life insurance risk is mitigated by pricing, underwriting policies and reinsurance.

Pricing is based on profit capacity calculations. A calculation is made of the price required to cover the insurance liabilities, expenses and risks.

Underwriting policies describe the types of risks and the extent of risk a.s.r. is willing to accept. Policyholders may be subjected to medical screening for both Individual life and Funeral insurance.

**Reinsurance**
Reinsurance and other risk-mitigating measures are used to reduce the volatility of results or to decrease the possible negative impact on value as an alternative to the capital requirement. Reinsurance arrangements have been set up to mitigate the effects of catastrophes on earnings.
The level of retention in different reinsurance contracts is aligned with the size and the risk profile of the underlying portfolios. This includes taking account of the cost of reinsurance on the one hand, and the risk that is retained on the other.

In order to optimise its balance sheet risks, a.s.r. entered into a reinsurance agreement with Legal and General Re in 2015. The share of Legal and General Re is on behalf of a specific buy-out portfolio. The total share of the reinsurances for a.s.r. amounts to € 173 million per 31 December 2021.

### 6.8.2.2 Health insurance risk and Non-life insurance risk

#### 6.8.2.2.1 **Health insurance risk**
The Health insurance portfolio of a.s.r. is diverse. The portfolio can be divided into two main product types:
- SLT Health portfolio (Similar to Life Techniques) Income Protection, which can be divided into:
  - Individual Disability (Zelfstandigen)
  - Group Disability (WIA)
- NSLT Health portfolio (Not Similar to Life Techniques), which can be divided into:
  - Income Protection (Sickness, and Individual and Group Accident)
  - Medical Expenses (Basic and Supplementary)

The insurance contracts are sold primarily to retail and wholesale clients through intermediaries.

The Health insurance portfolio of a.s.r. contains the following insurance risks:
- SLT Health risk
  - This risk is applicable to the SLT Health portfolio. The calculation is scenario-based. The scenarios are similar to the scenarios that are used to calculate the Life insurance risk.
- NSLT Health risk
  - This risk is applicable to the NSLT Health portfolio. The calculation is factor-based. The risk is calculated similarly to the Non-life insurance risk.
- Health Catastrophe risk
  - This risk is applicable to the entire Health portfolio. The calculation is scenario-based.

**SLT Health Risk**
*Mortality risk*
Mortality risk is associated with (re)insurance obligations where payments are made upon the death of the policyholder and where an increase in mortality rates results in higher technical provisions. The required capital is calculated as the change in own funds of a permanent 15% increase in mortality rates. The increase in mortality rates is applied to portfolios where payments are contingent on mortality risk. The increase in mortality rates leads to an increase of the own funds. Therefore the mortality risk is zero for the Health portfolio.

*Longevity risk*
Longevity risk is associated with (re)insurance obligations where payments are made until the death of the policyholder and where a decrease in mortality rates results in higher technical provisions. The required capital is calculated as the change in own funds of a permanent 20% decrease in mortality rates. The decrease in mortality rates is applied to portfolios where payments are contingent on longevity risk.

*Disability-morbidity risk*
Morbidity or disability risk is the main risk to the SLT Health portfolio. The scenario analysis consists of a 35% increase in disability rates for the first year, 25% for subsequent years, combined with a decrease in revalidation rates of 20%.

*Expense risk*
A calculation is made of the effect of a permanent increase in costs, which is used for determining the best estimate. The scenario analysis contains an increase in the costs of 10% and an increase in the cost inflation of 1 percentage point per year.

*Revision risk*
The revision risk is the risk that a higher benefit is caused by either inflation or a revision of the disability percentage. Benefits that are sensitive to inflation and / or an increase in the disability percentage will be increased by 4%.

*Lapse risk*
Lapse risk is the risk of losses (or adverse changes in the best estimate of the liabilities) due to an unanticipated (higher or lower) rate of policy lapses, terminations, changes to paid-up status (cessation of premium payment) and surrenders. The effect of the lapse risk is equal to the highest result of a permanent 50% increase in lapse rates, a permanent 50% decrease in lapse rates or a mass lapse event (40% mass lapse). For the SLT Health portfolio, the mass lapse event is dominant.

*Future management action*
According to the insurance conditions, a.s.r. non-life has the ability to adjust the premiums and insurance conditions group wise in the future for the disability portfolio. Therefore, the contract boundary of the disability contracts without an individual risk assessment at acceptance is equal to the contract term. For contracts with an individual risk assessment at acceptance, the contract boundary is equal to the end age, because the contracts will be tacitly renewed until the end age is reached, without repeating the risk assessment. These contracts with an individual risk assessment involve the Individual Self-employed and the Individual Employees portfolio's. For these portfolio's, a.s.r. non-life applies a future management action (FMA), as noted in article 23 of the Delegated Acts. The trigger, as defined in the FMA, is hit in the Income Protection Disability-Morbidity Risk (article 156 DA) scenario.

For a number of Loyalis products within the group disability portfolio, it is determined annually whether the insured amounts are indexed. For the majority of the portfolio, there is a conditional indexation based on a (discretionary) management decision, based among other things on interest result. In a financially unfavourable year, there is the possibility of not paying out indexation, which is a FMA as noted in article 23 of the Delegated Acts.

**NSLT Health Risk**
*NSLT Premium and reserve risk*
The premium risk is the risk that the premium is not adequate for the underwritten risk. The premium risk is calculated over the maximum of the expected earned premium of the next year, and the earned premium of the current year. The reserve risk is the risk that the current reserves are insufficient to cover their run-off over a 12 month time horizon.

The NSLT Premium and reserve risk can be split into the following insurance risks:
- Medical Expense
  - A health catastrophe for the NSLT Health portfolio is an unexpected future event with a duration of one year. The risk is determined ultimo year. The amount of catastrophe risk is apparent from the number of insured and parameters for mass accident scenario and pandemic scenario that have been approved by DNB in consultation with Health Insurers Netherlands. Accident concentration is not applicable for NSLT Health. The catastrophe risk has a projection of one year (T) following from the contract boundary of one year in accordance with the Dutch Health Insurance Act. After year T the risk is 'zero'. Catastrophe risk for a.s.r. health supplementary equals zero because these contracts have a maximum compensation for claims.
- Income Protection
  - This component is calculated for policies for which an increase in mortality rates or morbidity rates or disability rates leads to an increase in the best estimate. There are three scenarios, which are calculated for all SLT Health and portfolios.

*NSLT lapse risk*
The basic and additional health insurance are compulsory insurance contracts for one year without intermediate possibility of termination and therefore lapse risk is negligible for the basic health insurance.

**Health catastrophe risk**
*Mass accident scenario*
In this scenario, an accident takes place during a major public event. The risk is that 10% of the attendees are killed, 3.5% are permanently disabled, 16.5% are disabled for 12 months and 30% need medical attention.

*Accident concentration scenario*
In this scenario, an accident takes place on site, with the most of our insured at the same location. The risk is that 10% of those present are killed, 3.5% are permanently disabled, 16.5% are disabled for 12 months and 30% need medical attention. In 2020 and 2021, due to COVID-19 most employees of a.s.r. worked at home, therefore the input of this scenario changed.

*Pandemic scenario*
In this scenario, there is a pandemic, which causes 1% of those affected to be hospitalised and 20% to see a local practitioner. This is the scenario related to the standard model, in which the COVID-19 impact is not reflected.

**Health insurance risk - required capital**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Health SLT | 977 | 929 |
| Health Non-SLT | 347 | 328 |
| Catastrophe Risk (subtotal) | 78 | 72 |
| Diversification (negative) | -189 | -178 |
| | | |
| **Health (Total)** | **1,213** | **1,151** |
| | | |
| Mortality risk | - | - |
| Longevity risk | 50 | 44 |
| Disability-morbidity risk | 781 | 785 |
| Expense risk | 157 | 133 |
| Revision risk | 233 | 195 |
| Lapse risk | 228 | 164 |
| Diversification (negative) | -472 | -391 |
| | | |
| **Health SLT (subtotal)** | **977** | **929** |
| | | |
| Medical expenses insurance and proportional reinsurance | 129 | 120 |
| Income protection insurance and proportional reinsurance | 264 | 251 |
| Diversification (negative) | -46 | -43 |
| | | |
| **Health Non-SLT (subtotal)** | **347** | **328** |
| | | |
| Mass accident risk | 28 | 25 |
| Accident concentration risk | 62 | 59 |
| Pandemic risk | 39 | 33 |
| Diversification (negative) | -50 | -45 |
| | | |
| **Catastrophe risk (subtotal)** | **78** | **72** |

The SCR for the Health Non-SLT risk differs from the sum of the amounts reported in the OTSO QRTs. This difference is caused due to a diversification benefit on group level.

For the SLT Health portfolio, the provision at year-end can be broken down as follows under Solvency II.

**SLT Health portfolio - technical provisions per segment**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Best estimate | 4,152 | 4,192 |
| Risk margin | 481 | 443 |
| | | |
| **Technical provision** | **4,633** | **4,635** |

For the NSLT Health portfolio, the provision at year-end can be broken down as follows under Solvency II.

**NSLT Health portfolio - technical provisions per segment**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Best estimate | 564 | 507 |
| Risk margin | 47 | 44 |
| | | |
| **Technical provision** | **611** | **551** |

### 6.8.2.2.2 Non-life insurance risk

Non-life Insurance risk can be broken down into:
- Premium and reserve risk
- Non-life catastrophe risk
- Lapse risk

**Premium- and reserve risk**

The premium- and reserve risk is derived at the level of a legal entity based on the standard model. The premium- and reserve risk is the risk that the premium respectively the reserve is not adequate for the underwritten risk. The reserve risk is associated with historical years, and the premium risk is associated with the future year(s). The premium risk is calculated over the maximum of the expected earned premium for the next year and the earned premium for the current year. For the calculation of the premium- and reserve risk, several input data and parameters are necessary, as described in the standard model. The geographical spread, when a (re)insurer underwrites products in different countries, is not relevant for a.s.r. non-life as there is no material exposure outside the Netherlands.

**Non-life Catastrophe Risk Module**

Catastrophe risk is defined as the risk of loss or adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events. The Non-life SCR Catastrophic Risk Module used, consists of natural catastrophe risk (Windstorm and Hail), man-made catastrophe risk (Fire, Motor and Liability) and other Non-life catastrophe risk. The Non-life Catastrophe Risk Module is derived at the level of a legal entity based on the standard model.

**Lapse risk**

The lapse risk is the loss in basic own funds caused by the discontinuance of 40% of the policies for which discontinuation would result in an increase of technical provisions (without the risk margin). The calculation is based on the type of discontinuance which most negatively affects the basic own funds, which is for Non-life immediately termination of the policy.

Below table summarises the required capital for abovementioned Non-life insurance risks based on the standard model.

**Non-life insurance risk - required capital**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Premium and reserve risk | 552 | 510 |
| Lapse risk | 52 | 50 |
| Catastrophe risk | 107 | 102 |
| Diversification (negative) | -121 | -116 |
| | | |
| **Non-life insurance risk** | **591** | **547** |
| | | |
| Natural catastrophe risk | 74 | 74 |
| Man-made catastrophe risk | 75 | 68 |
| Other non-life catastrophe risk | 20 | 20 |
| Diversification (negative) | -62 | -59 |
| | | |
| **Catastrophe risk (subtotal)** | **107** | **102** |

For the Non-life portfolio, the provision at year-end can be broken down as follows under Solvency II:

**Non-life portfolio - technical provisions per segment**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Best estimate | 1,538 | 1,389 |
| Risk margin | 97 | 82 |
| | | |
| **Technical provision** | **1,634** | **1,471** |

### 6.8.2.2.3 Managing Health and Non-life insurance risk

Health and Non-life insurance risk is managed by monitoring claims frequency, the size of claims, inflation, handling time, benefit and claims handling costs, and biometrical risks (disability, recovery, illness, death). Concentration risk also qualifies as an insurance risk.

In recent years, measures have been taken to improve profitability and reduce risk. Examples are: premium increases, stricter acceptance criteria, shorter claims filing terms and making use of the claims reassessment arrangement between the Dutch Association of insurers and social security institute UWV. Effects are being monitored closely and assessed to be effective.

**Claims frequency, size of claim and inflation**
To mitigate the risk of claims, a.s.r. bases its underwriting policy on claims history and risk models. The policy is applied to each client segment and to each type of activity. In order to limit claims and / or ensure that prices are adjusted correctly, the acceptance policy is continually refined using a number of indicators and statistical analyses. The product lines also use knowledge or expectations with respect to future trends to estimate the frequency, size and inflation of claims. The risk of unexpected major damage claims is contained by policy limits, the concentration of risk management and specific risk transfer contracts (e.g. reinsurance).

**Handling time**
The time required for handling and settling claims is an important factor. The settlement of claims that have a long handling time, such as liability claims, can take many years. Analyses are performed regularly and based on a.s.r.'s experience in similar cases, historical trends – such as the pattern of liabilities – increases in risk exposure, payment of damages, the scale of current and not yet settled damage claims, court rulings and economic conditions.

**Benefit and claims handling costs**
Taking estimated future inflation into account, benefit and claims handling costs are managed based on regular reviews and related actions.

**Disability risk**
Disability risk is controlled by means of regular evaluation of historical claims patterns, expected future developments and price adjustments. Disability risk is mitigated by a.s.r. through underwriting criteria and a proactive reintegration policy. a.s.r. also mitigates its disability risk through suitable reinsurance.

**Concentration risk**
Geographically, the risk exposure of a.s.r. on its health and Non-life portfolio is almost entirely concentrated in the Netherlands. Concentration of insurance risks is particularly prevalent in the fire risk portfolio (i.e. home and content, with storm risk forming the most important factor). Storm risk is managed by means of suitable reinsurance (see also 'Reinsurance').

There is also a concentration of risk in group disability schemes. Group disability contracts are underwritten within the scope of disability cover for employees in the Netherlands (WIA).

**Reinsurance**
When deemed effective in terms of capital relief versus costs incurred, a.s.r. enters into reinsurance agreements to mitigate Non-life insurance risks. Reinsurance can be taken out for each separate claim (per risk), for the accumulation of claims due to natural disasters or to human actions (per event), or for both these risks.

The level of retention in the various reinsurance contracts is aligned with the size and the risk profile of the underlying portfolios, taking into account of the cost of reinsurance on the one hand, and the risk that is retained on the other.

## 6.8.3 Market risk

Market risk is the risk of potential losses due to adverse movements in financial market variables. Exposure to market risk is measured by the impact of movements in financial variables such as equity prices, interest rates and property prices. The various types of market risk which are discussed in this chapter, are:
- interest rate risk
- equity risk
- property risk
- currency risk
- spread risk
- concentration risk

Market risk reports are submitted to the FRC at least once a month. Key reports on market risk include the Solvency II and economic capital report, the interest rate risk report and the report on risk budgets related to the strategic asset mix.

A summary of sensitivities to market risks for the regulatory solvency, total equity and profit for the year is presented in the tables below. The first table summarises the required capital for market risks based on the standard model:

| Market risk - required capital | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Interest rate | 550 | 603 |
| Equity | 1,194 | 967 |
| Property | 1,125 | 1,124 |
| Currency | 120 | 194 |
| Spread | 1,118 | 1,112 |
| Concentration | - | - |
| Diversification (negative) | -692 | -740 |
| **Total** | **3,416** | **3,261** |

The main market risks of a.s.r. are equity, property and spread risk. This is in line with the risk budgets based on the strategic asset allocation study. Market risk increased mainly driven by increased equity risk, partly offset by higher interest rates and reduced currency risk.

The value of investment funds at year-end 2021 was € 5,307 million (2020: € 4,687 million). a.s.r. applies the look through approach for investment funds to assess the market risk.

The interest rate risk is the maximum loss of (i) an upward shock or (ii) a downward shock of the yield curve. For a.s.r. the downward shock is dominant.

The diversification effect shows the effect of having a well-diversified investment portfolio.

### Solvency II sensitivities

The Solvency II SCR is a Value at Risk-measure. Therefore, Solvency II ratio sensitivities are disclosed as the alternative analysis, instead of IFRS sensitivities, as permitted by IFRS. The sensitivities of the solvency ratio as at 31 December 2021, expressed as the impact on the group solvency ratio (in percentage points) are as presented in the table below. The total impact is split between the impact on the solvency ratio related to movement in the available capital and the required capital. The sensitivities are based on the situation per 31 December 2021.

**Solvency II sensitivities - market risks**

| Effect on: | Available capital | | Required capital | | Ratio | |
|---|---|---|---|---|---|---|
| Scenario (%-point) | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| UFR 3.2% | -8 | -13 | -1 | -1 | -9 | -14 |
| Interest rate +1% (2021 incl. UFR 3.6% / 2020 incl. UFR 3.75%) | -7 | -4 | +18 | +16 | +10 | +12 |
| Interest rate -1% (2021 incl. UFR 3.6% / 2020 incl. UFR 3.75%) | +7 | +5 | -13 | -10 | -7 | -5 |
| Interest steepening +10 bps | -3 | -3 | - | - | -3 | -3 |
| Volatility Adjustment -10bp | -9 | -10 | -2 | -1 | -10 | -11 |
| Government spread + 50 bps / VA +11 bps (2020: VA: +10 bps) | -2 | -2 | - | +1 | -2 | -1 |
| Mortgage spread +50 bps | -7 | -4 | +1 | - | -7 | -4 |
| Equity prices -20% | -11 | -10 | +18 | +13 | +6 | +3 |
| Property values -10% | -9 | -8 | +4 | +3 | -6 | -5 |
| Spread +75bps/ VA+19bps (2020: VA +15bps) | +15 | +14 | +5 | +3 | +20 | +17 |

**Solvency II sensitivities - explanation**

| Risk | Scenario |
|---|---|
| Interest rate risk - UFR 3.2% | Measured as the impact of a lower UFR. For the valuation of liabilities, the extrapolation to the UFR of 3.2% after the last liquid point of 20 years remained unchanged. The impact on available capital, required capital and ratio relates to a comparison with a solvency ratio measured at a UFR of 3.6% for 2021 (3.75% for 2020). |
| Interest rate risk (incl. UFR 3.6%/ 3.75%) | Measured as the impact of a parallel 1% upward and downward movement of the interest rates. For the liabilities, the extrapolation to the UFR (3.6% for 2021 and 3.75% for 2020) after the last liquid point of 20 years remained unchanged. |
| Interest steepening | Measured as the impact of a linear steepening of the interest rate curve between 20Y and 30Y of 1 bps to 10 bps. |
| Volatility Adjustment | Measured as the impact of a 10 bps decrease in the Volatility Adjustment. |
| Government spread | Measured as the impact of an increase of spread on Government bonds of 50 bps. At the same it is assumed that the Volatility Adjustment will increase by 11 bps (2020: +10 bps). |
| Mortgage spread | Measured as the impact of a 50 bps increase of spreads on mortgages. |
| Equity risk | Measured as the impact of a 20% downward movement in equity prices. |
| Property risk | Measured as the impact of a 10% downward movement in the market value of real estate. |
| Spread risk (including impact of spread movement on VA) | Measured as the impact of an increase of spread on loans and corporate bonds of 75 bps. At the same time, it is assumed that the Volatility Adjustment will increase by 19bps (2020: + 15bps) based on reference portfolio. |

The impact of the interest rate sensitivities (+1%) deceased, due to higher interest rates.

Corporate spread widening (+75bps) includes impact of spread widening on IAS19 pension provision. The positive impact of the sensitivity of equity risk increased due to an increase of the equity put options portfolio in 2020.

### 6.8.3.1 Interest rate risk

Interest rate risk is the risk that the value of assets, liabilities or financial instruments will change due to fluctuations in interest rates. Many insurance products are exposed to interest rate risk; the value of the products is closely related to the applicable interest rate curve. The interest rate risk of insurance products depends on the term to maturity, interest rate guarantees and profit-sharing features. Life insurance contracts are particularly sensitive to interest rate risk. The required capital for interest rate risk is determined by calculating the impact on the available capital due to changes in the yield curve. Both assets and liabilities are taken into account. The interest rate risk is the maximum loss of (i) an upward shock or (ii) a downward shock of the yield curve according to the prescribed methodology. a.s.r. applies a look through approach for investment funds to assess the interest rate risk.

The interest rate risk is calculated by a relative shock up- and downward shock of the risk-free (basis) yield curve. All adjustments (credit spread, volatility adjustment) on this yield curve are considered constant. The yield curve is extrapolated to the UFR. The yield curve after shock is not extrapolated again to the UFR.

The used shocks vary by maturity and the absolute shocks are higher for shorter maturities (descending: 75% to 20% and ascending: -70% to -20%):
- the yield curve up shock contains a minimum shock of 100bps;
- the yield curve after the downward shock is limited to zero (no negative interest rates);
- the yield curves of all currencies are shocked simultaneously.

**Interest rate risk - required capital**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| SCR interest rate risk up | -239 | -91 |
| SCR interest rate risk down | -550 | -603 |
| **SCR interest rate risk** | **550** | **603** |

In 2021 the interest rate risk decreased due to the increase in interest rates.

a.s.r. has assessed various scenarios to determine the sensitivity to interest rate risk. The impact on the solvency ratio is calculated by determining the difference in the change in available and required capital.

## Solvency II sensitivities - interest rate

| Effect on: | Available capital | | Required capital | | Ratio | |
|---|---|---|---|---|---|---|
| Scenario (%-point) | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| UFR 3.2% | -8 | -13 | -1 | -1 | -9 | -14 |
| Interest rate +1% (2021 incl. UFR 3.60% / 2020 incl. UFR 3.75%) | -7 | -4 | +18 | +16 | +10 | +12 |
| Interest rate -1% (2021 incl. UFR 3.60% / 2020 incl. UFR 3.75%) | +7 | +5 | -13 | -10 | -7 | -5 |
| Interest steepening +10 bps | -3 | -3 | - | - | -3 | -3 |
| Volatility Adjustment -10bp | -9 | -10 | -2 | -1 | -10 | -11 |

Interest rate risk is managed by aligning fixed-income investments to the profile of the liabilities. Among other instruments, swaptions and interest rate swaps are used for hedging the specific interest rate risk arising from interest rate guarantees and profitsharing features in life insurance products.

An interest rate risk policy is in place for a.s.r. Group as well as for the registered insurance companies. All interest rate-sensitive balance sheet items are in scope, including the employee benefit obligations of the Group. In principle, the sensitivity of the solvency ratio to interest rates is minimised. In addition, the exposure to interest rate risk or various term buckets is subject to maximum amounts.

### 6.8.3.2 Equity risk

Equity risk arises from the sensitivity of the value of assets and liabilities to changes in the level or in the volatility of market prices of equities. In order to maintain a good understanding of the actual equity risk, a.s.r. applies the look-through approach for investment funds to assess the equity risk. Besides the equity portfolio, a.s.r. holds put-options to mitigate part of the equity risk.

The required capital for equity risk is determined by calculating the impact on the available capital due to an immediate drop in share prices. Both assets and liabilities are taken into account. Stocks listed in regulated markets in countries in the EEA or OECD are shocked by 39% together with the symmetric adjustment of the equity capital charge (type I). Stocks in countries that are not members of the EEA or OECD, unlisted equities, alternative investments, or investment funds in which the look-through principle is not possible, are shocked by 49% together with the symmetric adjustment of the equity capital charge (type II). Investments of a strategic nature are shocked by 22%. Equity qualifying as an infrastructure investment (e.g. wind farm Wieringermeer) are shocked by 30% together with 77% of the symmetric adjustment of the equity capital charge.

a.s.r. applies the transitional measure for equity risk for shares in portfolio at 31 December 2015. The SCR equity shock was 22% at 31 December 2015 and linear increasing in 7 years to (i) 39% + symmetric adjustment for type I shares and (ii) 49% + symmetric adjustment for type II shares. This resulted in a reduction of the average risk charge of equity risk of about 1.0% per 31 December 2021.

## Equity risk - required capital

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| SCR equity risk - required capital | 1,194 | 967 |

In 2021 the equity risk increased € 228 million, mainly due to higher share prices which leads to a higher SCR equity risk, both driven by an increased exposure to equities and a higher risk charge as a result of the symmetric adjustment. Furthermore, the SCR equity risk increased due to the run-off of the transitional measure of equity risk, which is partly mitigated by the expansion of the option hedge.

In case the transitional measure would not be used, SCR equity risk would increase to € 1,226 million.

## Solvency II sensitivities - equity prices

| Effect on: | Available capital | | Required capital | | Ratio | |
|---|---|---|---|---|---|---|
| Scenario (%-point) | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| Equity prices -20% | -11 | -10 | +18 | +13 | +6 | +3 |

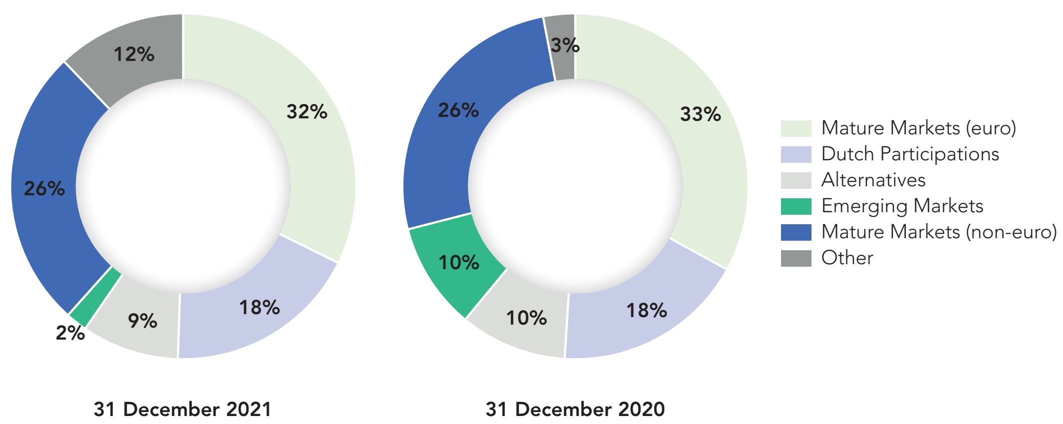
**Composition of equity portfolio**

The fair value of equities and similar investments at year-end 2021 was € 3,259 million (2020: € 2,633 million). The increase in 2021 was mainly due to the positive returns on the equity markets.

The equities are diversified across the Netherlands (including participating interests), other European countries and the United States. A limited part of the portfolio consists of investments in emerging markets and alternatives. A portfolio of put options with an value of € 28 million is in place to mitigate the equity risk.

The table below shows the exposure of the equity portfolio to different categories. The total value is including the equities in externally managed funds. In 2021 a.s.r. has sold a significant part of the emerging market portfolio. The increase in the category Other is mainly the result of the investment in the wind farm Wieringermeer (€ 333 million).

**Composition equity portfolio**




### 6.8.3.3 Property risk

The property risk depends on the total exposure to real estate. In order to maintain a good understanding of the actual property risk, a.s.r. applies the look through approach for investment funds to assess the property risk.

The required capital for property risk is determined by calculating the impact on the available capital due to an immediate drop in property prices by 25%. Both assets and liabilities are taken into account. The product Agrarische Impact Erfpacht (AIE) has effectively a lower charge (average of 10.8%) due to the underlying risk mitigating characteristics of this product.

## Property risk - required capital

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| SCR property risk - required capital | 1,125 | 1,124 |

a.s.r. applies look through approach for participations which activities are primarily real estate investments.

The real estate exposure increased due to both transactions and increases in property prices. Also, the AIE real estate has on average a lower charge (10.8%), which results in a decrease in property risk. As a result of these effects, the required capital for property risk is slightly higher.

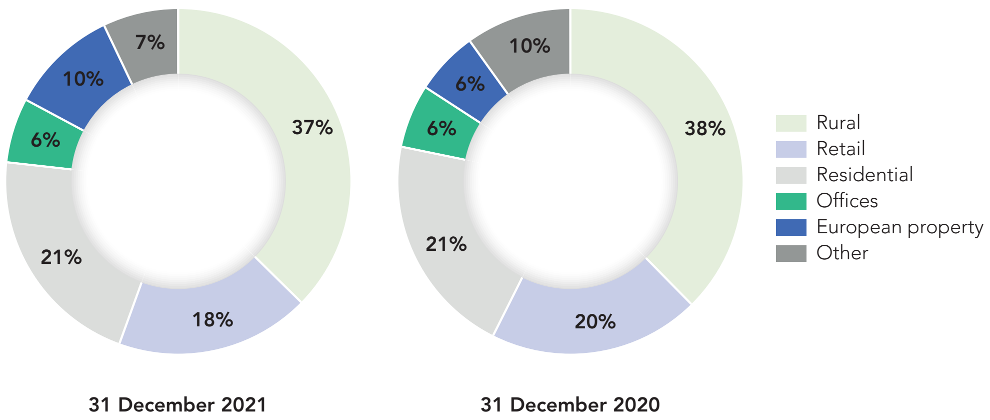
The sensitivity of the solvency ratio to changes in property value is monitored on a monthly basis. Sensitivity of regulatory solvency (Solvency II) to changes in property prices is shown in the following table.

**Solvency II sensitivities - property values**

| Effect on: | Available capital | | Required capital | | Ratio | |
|---|---|---|---|---|---|---|
| Scenario (%-point) | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| Property values -10% | -9 | -8 | +4 | +3 | -6 | -5 |

The property risk depends on the total exposure to property, which includes both property investments and property held for own use. The fair value of property was € 5,031 million at year-end 2021 (2020: € 4,688 million). The increase in 2021 (approximately € 343 million) was a result of both transactions (approximately € 150 million) and increases in property prices (approximately € 193 million).

**Composition property portfolio**




## 6.8.3.4 Currency risk

Currency risk measures the impact of losses related to changes in currency exchange rates. The table below provides an overview of all currencies with exposure on liabilities and the currencies with the largest exposures. In 2021 a.s.r. has currency risk to insurance products in mainly American dollars (USD), Danish crown (DKK) and Hong Kong dollars (HKD).

In 2021 a.s.r. implemented a new hedge policy for currency risk. For different investment categories a.s.r. has defined a target hedge ratio. The required capital for currency risk is determined by calculating the impact on the available capital due to a change in exchange rates. Both assets and liabilities are taken into account and a look-through approach is applied for investment funds. For each currency the maximum loss due to an upward and a downward shock of 25% is determined except for a small number of currencies where lower shocks are applied (a.o. Danish crown).

**Currency risk - required capital**

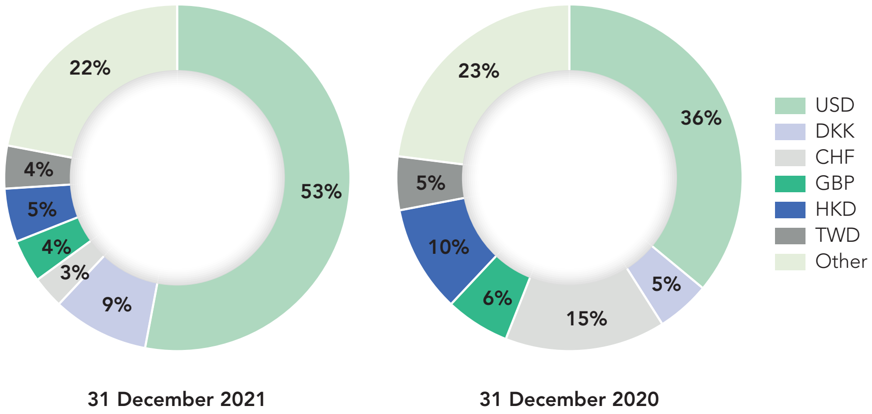
| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| SCR currency risk - required capital | 120 | 194 |

In 2021 the SCR currency risk has decreased with € 74 million. The main reason for this reduction is the increased currency hedge for the non-Euro equity portfolio.

**Specification currencies with largest exposure**

The exposure to non-Euro equity has substantially decreased due to the increased currency hedge for the non-Euro equity portfolio. The non-Euro liabilities have further decreased as a result of a run-off of the portfolios.

**Composition currency portfolio**




The total foreign exchange exposure at year-end 2021 was € 506 million (2020: € 819 million).

### 6.8.3.5 Spread risk

Spread risk arises from the sensitivity of the value of assets and liabilities to changes in the level of credit spreads on the relevant risk-free interest rates. a.s.r. has a policy of maintaining a well-diversified high-quality investment grade portfolio while avoiding large risk concentrations. Going forward, the volatility in spreads will continue to have possible short-term effects on the market value of the fixed income portfolio. In the long run, the credit spreads are expected to be realised and to contribute to the growth of the own funds. The required capital for spread risk is determined by calculating the impact on the available capital due to the volatility of credit spreads over the term structure of the risk-free rate.

The required capital for spread risk is equal to the sum of the capital requirements for bonds, structured products and credit derivatives. The capital requirement depends on (i) the market value, (ii) the modified duration and (iii) the credit quality category.

**Spread risk - required capital**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| SCR spread risk - required capital | 1,118 | 1,112 |

The SCR spread risk slightly increased in 2021.

The sensitivity to spread risk is measured as the impact of an increase of spread on loans and corporate bonds of 75 bps. The VA is based on a reference portfolio. An increase of 75 bps of the spreads on loans and corporate bonds within the reference portfolio leads to an increase of the VA with 19 bps in 2021 (2020: 15 bps). The credit spread sensitivity increased from +17 to +20.

**Solvency II sensitivities - spread risk**

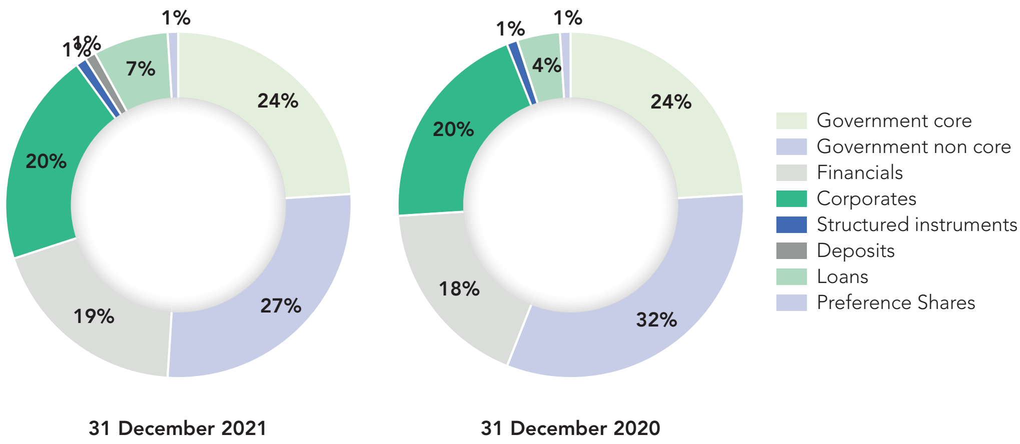
| Effect on: | Available capital | | Required capital | | Ratio | |
|---|---|---|---|---|---|---|
| Scenario (%-point) | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| Spread +75bps/ VA +19bps (2020: VA + 15bps) | +15 | +14 | +5 | +3 | +20 | +17 |

**Composition of fixed income portfolio**

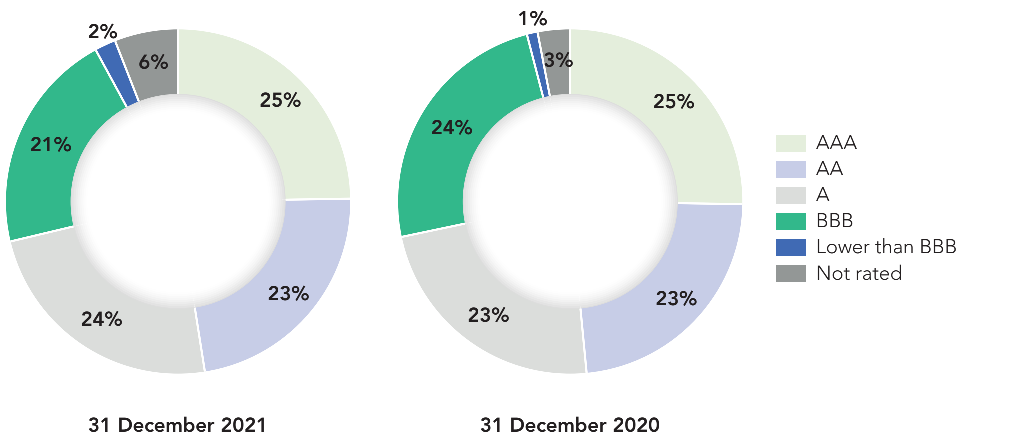
Spread risk is managed on a portfolio basis within limits and risk budgets established by the relevant risk committees. Where relevant, credit ratings provided by the external rating agencies are used to determine risk budgets and monitor limits. A limited number of fixed-income investments do not have an external rating. These investments are generally assigned an internal rating. Internal ratings are based on methodologies and rating classifications similar to those used by external agencies.

The following tables provide a detailed breakdown of the fixed-income exposure by (i) rating class and (ii) sector. Assets in scope of spread risk are, by definition, not in scope of counterparty default risk. The total exposure of assets in scope of spread risk is € 28,562 million (2020: € 31,695 million). The composition of the portfolio is similar to 2020.

**Composition fixed income portfolio by sector**




**Composition fixed income portfolio by rating**




## 6.8.3.6 Market risk concentrations

Concentrations of market risk constitute an additional risk to an insurer. Concentration risk is the concentration of exposures to the same counterparty. Other possible concentrations (region, country, etc.) are not in scope. The capital requirement for concentration risk is determined in three steps:

1. determine the exposure above threshold. The threshold depends on the credit quality of the counterparty;
2. calculation of the capital requirement for each counterparty, based on a specified factor depending on the credit quality;
3. aggregation of individual capital requirements for the various counterparties.

According the spread risk module, bonds and loans guaranteed by a certain government or international organisation are not in scope of concentration risk. Bank deposits can be excluded from concentration risk if they fulfil certain conditions.

**Concentration risk - required capital**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| SCR concentration risk - required capital | - | - |

a.s.r. continuously monitors exposures in order to avoid concentrations in a single obligor outside of the risk appetite and has an overall limit on the total level of the required capital for market risk concentrations. The calculation of the market risk concentrations applies to the total investment portfolio, where, in line with Solvency II, government bonds are not included.

The required capital for market risk concentrations is nil as per year-end 2021.

## 6.8.4 Counterparty default risk

Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit standing of counterparties and debtors. Counterparty default risk affects several types of assets:
- mortgages
- savings-linked mortgage loans
- derivatives
- reinsurance
- receivables
- cash and deposits

Assets that are in scope of spread risk are, by definition, not in scope of counterparty default risk and vice versa. The Solvency II regime makes a distinction between two types of exposures:
- Type 1: These counterparties generally have a rating (reinsurance, derivatives, current account balances, deposits with ceding companies and issued guarantee (letter of credit). The exposures are not diversified.
- Type 2: These counterparties are normally unrated (receivables from intermediaries and policyholders, mortgages with private individuals or SMEs). The exposures are generally diversified.

The total capital requirement for counterparty risk is an aggregation of the capital requirement for type 1 exposure and the capital requirement for type 2 exposure by taking 75% correlation.

**Counterparty default risk - required capital**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Type 1 | 113 | 108 |
| Type 2 | 289 | 312 |
| Diversification (negative) | -21 | -21 |
| | | |
| **Total** | **381** | **399** |

The Counterparty risk type 1 has increased due to the addition of the loan positions given as a guarantee on all scheduled payments by a third party in which this guarantee satisfies the requirements of Articles 213(3-5) and 215 Solvency II Delegated Regulation.

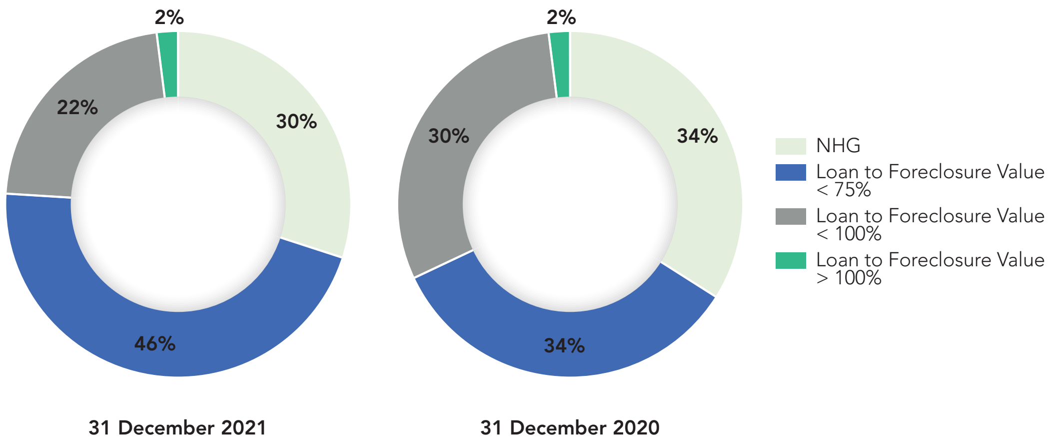
The counterparty default risk type 1 has not changed materially due to the fact that saving deposits without collateral agreement are now considered in the spread risk module. This led to a decrease in the counterparty default risk type 1. However, the saving deposits with collateral agreement are split in the outstanding part and corresponding interest (zero risk) and the future premiums and corresponding interest that are treated as the uncollaterised derivative contract in the counterparty default risk type 1 module. The latter resulted in an increase of the counterparty default risk type 1. On balance the net change was not material.

The counterparty risk type 2 has decreased due to the decrease of the exposure to the mortgage portfolio. The latter is due to the quarterly revaluation of the underlying property. The mortgage underlying property has increased by 17% on average in 2021. The total counterparty risk has decreased by € 18 million.

### 6.8.4.1 Mortgages

Mortgages are granted for the account and risk of third parties and for a.s.r.’s own account. The a.s.r. portfolio consists only of Dutch mortgages with a limited counterparty default risk. The fair value of a.s.r.’s mortgage portfolio was € 11,181 million at year-end 2021 (2020: € 9,464 million).

**Composition mortgage portfolio**



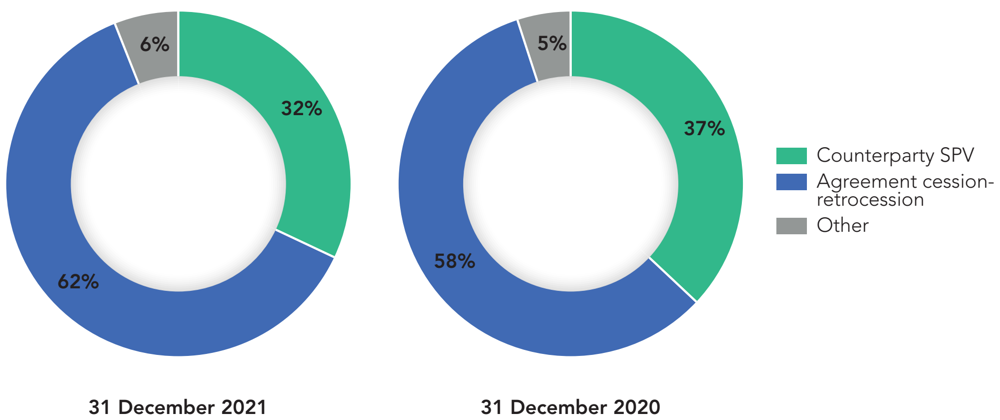

The Loan-to-Value ratio is based on the value of the mortgage according Solvency II principals with respect to the a.s.r. calculated collateral. The percentage of mortgages which are in arrears for over three months has decreased from 0.03% in December 2020 to 0.02% in December 2021.

## 6.8.4.2 Savings-linked mortgage loans

The counterparty default risk of the savings-linked mortgage loans ('Spaarlossen') depends on the counterparty. For 32% of the portfolio, the counterparties are Special Purpose Vehicles. The risk is limited due to the robust quality of the mortgages in the Special Purpose Vehicles in combination with the tranching. a.s.r. has a cession-retrocession agreement with the counterparty for 62% of the portfolio, for which the risk is limited. Effectively, a.s.r. recognises the underlying receivable from the counterparty (or in the case of insolvency of the counterparty the mortgage loans transfers as collateral), mitigating the counterparty default risk of the savings-linked mortgage loans.

On September 1, 2021 DNB issued the Q&A and Good Practices document on the treatment of saving mortgages and in December, the Dutch Association of Insurers shared its additional guidance on this subject. These documents provide further requirements and guidelines on the valuation, risk calculations and balance sheet classification. Saving deposits without collateral agreement are considered in the SCR Spread Risk Module. The saving deposits with collateral are treated in the Counterparty Risk Module. Furthermore the collaterised deposits are split in two: a) the outstanding part and corresponding interest are considered in the SCR Counterparty risk type 2 (zero risk); b) the future premiums and corresponding interest are treated as the uncollaterised derivative contract of SCR Counterparty Risk Type 1.

**Composition savings-linked mortgage loans portfolio**




## 6.8.4.3 Derivatives

Over the Counter (OTC) derivatives are primarily used by a.s.r. to manage the interest-rate risks incorporated into the insurance liabilities. Interest-rate derivatives are traded with a well-diversified and qualitative dealer panel with whom there is an established International Swaps and Derivatives Association (ISDA) contract and a Credit Support Annex (CSA) in place. These CSAs include specific agreements on the exchange of collateral limiting market and counterparty risk. The outstanding value of the interest rate derivative positions is matched by collateral received from eligible counterparties, minimising the net counterparty default risk.

### 6.8.4.4 Reinsurance

a.s.r. collaborates with reinsurers for fire and catastrophe risk. When entering into reinsurance contracts for fire and catastrophe, a.s.r. requires the counterparty to be rated at least single A. With respect to long-tail business and other sectors, the minimum permitted rating is single A.

The table above shows the exposure to reinsurers per rating. The total exposure to reinsurers at year-end 2021 was € 419 million (2020: € 493 million).

**Composition reinsurance counterparties by rating**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| AAA | 0% | 0% |
| AA | 93% | 90% |
| A | 6% | 6% |
| NR | 1% | 3% |
| **Total** | **100%** | **100%** |

### 6.8.4.5 Receivables

The receivables increased to € 853 million in 2021 (2020: € 856 million), mainly driven by higher other receivables per year-end. The composition of the receivables is presented in the table below.

**Composition receivables**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Policyholders | 75 | 109 |
| Intermediaries | 89 | 88 |
| Reinsurance operations | 96 | 175 |
| Health insurance fund | 148 | 107 |
| Other | 446 | 377 |
| **Total** | **853** | **856** |

### 6.8.4.6 Cash and cash equivalents

The current accounts on the balance sheet amounted € 1,517 million in 2021 (2020: € 1,590 million).

**Composition cash accounts by rating**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| AAA | - | 15 |
| AA | - | -2 |
| A | 1,489 | 1,568 |
| Lower than A | 28 | 9 |
| **Total** | **1,517** | **1,590** |

As of 2020, a.s.r. has no deposits in scope of counterparty default risk.

## 6.8.5 **Liquidity risk**

Liquidity risk is the risk that a.s.r. is not able to meet its financial obligations to policyholders and other creditors when they become due and payable, at a reasonable cost and in a timely manner. Liquidity risk is not quantified in the SCR of a.s.r, and is therefore separately discussed here.

a.s.r. recognises different levels of liquidity management. First, short-term liquidity management which covers the day-to-day cash requirements and aims to meet short-term liquidity risk targets. Second level covers the long-term liquidity management. This, among others, considers the strategic matching of liquidity & funding needs in different business conditions in which market liquidity risk could materialise. Finally stress liquidity management refers to the ability to respond to a potential crisis situation as a result of a market event and / or an a.s.r.-specific event. For example liquidity outflows could occur as result of lapses in the insurance portfolio, catastrophe risk or high cash variation margin payments related to the ISDA / CSA agreements of derivatives. a.s.r. monitors its liquidity risk via different risk reporting and monitoring processes including cash management reports, cash flow forecasts and liquidity dashboards in which liquidity outflows are calculated for different stress scenarios.

a.s.r.'s liquidity management principle consists of three components. First, a well-diversified funding base in order to provide liquidity for cash management purposes. A portion of assets must be held in cash and invested in unencumbered marketable securities so it can be used for collateralised borrowing or asset sales. In order to cover liquidity needs in stress events a.s.r. has committed repo-facilitiies in place to ensure liquidity under all market circumstances. Second, the strategic asset allocation should reflect the expected and contingent liquidity needs of liabilities. Finally, an adequate and up-to-date liquidity policy and contingency plan are in place to enable management to act effectively and efficiently in times of crisis.

In managing the liquidity risk from financial liabilities, a.s.r. holds liquid assets comprising cash and cash equivalents and investment grade securities for which there is an active and liquid market. These assets can be readily sold to meet liquidity requirements. As at 31 December 2021, a.s.r. had cash (€ 1,211 million), short-term secured deposits (€ 1,298 million) and liquid government bonds (€ 14,265 million). Furthermore, a.s.r. has access to committed cash facilities and an unsecured revolving credit facility in order to meet its liquidity needs in times of stress.

The following table shows the contractual undiscounted cash flows of the insurance liabilities based on Solvency II. All other line items as well as the total carrying value are based on IFRS principles.

The insurance liabilities include the impact of expected lapses and mortality risk as well as non profit sharing cash flows. Profit sharing cash flows of insurance liabilities are not taken into account, nor are equities, property and swaptions. Since the portfolio of Brand New Day IORP is fully consolidated, an extra line item relating to liabilities arising from investment contracts, is included. Furthermore, cash flows of the pension benefit obligations are taken into account.

### Contractual cash flows

| | Payable on demand | < 1 years | 1-5 years | 5-10 years | > 10 years | Total carrying value |
|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | |
| Insurance liabilities | - | 5,240 | 10,134 | 9,722 | 33,335 | 52,404 |
| Liabilities arising from investment contracts | - | 12 | 89 | 227 | 1,624 | 1,952 |
| Pension Benefit Obligation | - | 54 | 468 | 638 | 3,288 | 3,990 |
| Derivatives liabilities | - | 230 | 183 | 185 | 293 | 759 |
| Financial liabilities | 6,155 | 597 | 250 | 67 | 1,060 | 8,117 |
| Future interest payments | - | 45 | 177 | 218 | 664 | - |
| **Total** | **6,155** | **6,177** | **11,301** | **11,056** | **40,264** | **67,223** |

| | Payable on demand | < 1 years | 1-5 years | 5-10 years | > 10 years | Total carrying value |
|---|---|---|---|---|---|---|
| **31 December 2020** | | | | | | |
| Insurance liabilities | - | 4,476 | 9,788 | 9,425 | 32,704 | 54,617 |
| Pension Benefit Obligation | - | 50 | 428 | 594 | 3,385 | 4,228 |
| Derivatives liabilities | - | 221 | 556 | 227 | 434 | 1,419 |
| Financial liabilities | 8,353 | 616 | 242 | 22 | 1,003 | 10,227 |
| Future interest payments | - | 43 | 170 | 213 | 705 | - |
| **Total** | **8,353** | **5,406** | **11,184** | **10,480** | **38,231** | **70,491** |

The insurance liabilities per 31 December 2020 have been restated to include the cash flows of the other life insurance and exclude the cash flows for the own pension contract. Furthermore, the pension benefit obligation has been added.

When the amount payable is not fixed the amount reported is determined by reference to the conditions existing at the reporting date.

Financial liabilities payable on demand include the liability recognised for cash collateral received under ISDAs, concluded with counterparties. The related cash collateral received is recognised as cash and cash equivalents, and not part of the liquidity risk exposure table.

## 6.8.6 Operational risk

Operational risk is the risk of losses resulting from inadequate or failing internal processes, persons and systems, or from external events (including legal risk). The main areas where operational risks are incurred are operations, IT, outsourcing, integrity and legal issues.

**Operational risk - required capital**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| SCR operational risk - required capital | 249 | 253 |

The SCR for operational risk amounts to € 249 million at the end of 2021 (2020: € 253 million) and is determined with the standard formula under Solvency II. The operational risk is based on the basic SCR, the volumes of premiums and technical provisions, and the amount of expenses.

Operational risk slightly lower mainly as a result of driven by lower best estimate liabilities due to the increased interest rates in 2021.

## 6.8.7 Strategic and operational risk management

The system of internal control includes the management of risks at different levels in the organisation, both operational and strategic.

### 6.8.7.1 Strategic Risk Management

Strategic risk management aims to identify and manage the most significant risks that may impact a.s.r.'s strategic objectives. Subsequently, the aim is to identify and analyse the risk profile as a whole, including risk interdependencies. The process of strategic risk analysis (SRA) is designed to identify, measure, manage, monitor, report and evaluate those risks that are of strategic importance to a.s.r.:

**Identifying**
Through the SRA process, identification of risks is structurally organised through the combined top-down and bottom-up SRA approach. The SRA outcomes are jointly translated into 'risk priorities' and 'emerging risks', in which the most significant risks for a.s.r. are represented.

**Measuring**
Through the SRA process, the likelihood and impact of the identified risks are assessed, taking into account (the effectiveness of) risk mitigating measures and planned improvement actions. Information from other processes is used to gain additional insights into the likelihood and impact. One single risk priority can take multiple risks into account. In this manner, the risk priorities provide (further) insights into risk interdependencies.

**Managing**
As part of the SRA processes, the effectiveness of risk mitigating measures and planned measures of improvement is assessed. This means risk management strategies are discussed, resulting in refined risk management strategies.

**Monitoring and reporting**
The output of the SRA process is translated into day-to-day risk management and monitoring and reporting, both at group level and product line levels. At group level, the risk priorities are discussed in the a.s.r. risk committee and the Audit & Risk Committee. At the level of the product lines, risks are discussed in the BRC's.

**Evaluating**
Insights regarding likelihood and impact are evaluated against solvency targets in the SRA process. Based on this evaluation, conclusions are formulated regarding the adequacy of solvency objectives at group and individual legal entity level.

**Climate change**
One of the areas within Strategic Risk Management concerns climate change. For a.s.r., climate change is a direct risk, both to its assets and liabilities. In chapter 4.5 Climate change, the relevant climate related risks for a.s.r. are

discussed including how these risks are managed. Climate related risks have had no impact on the current accounting and disclosures of a.s.r.'s assets and liabilities.

### 6.8.7.2 Operational Risk Management

Operational Risk Management (ORM) involves the management of all possible risks that may influence the achievement of the business goals and that can cause financial or reputational damage. ORM includes the identification, analysis, prioritisation and management of these risks in line with the risk appetite. The policy on ORM is drafted and periodically evaluated under the coordination of ERM. The policy is implemented in the decentralised business entities under the responsibility of the management boards. A variety of risks is covered by ORM policy: IT, outsourcing, project, reporting etc.

**Identifying**

With the operational targets as a starting point, each business entity performs risk assessments to identify events that could influence these targets. In each business entity the business risk manager facilitates the periodic identification of the key operational risks. All business processes are taken into account to identify the risks. All identified risks are prioritised and recorded in a risk-control framework.

The risk policies prescribe specific risk analyses to be performed to identify and analyse the risks. For important IT systems, Information Security Analyses (DIVA – Dienstverlening en Informatie Veiligheids Analyse) have to be performed and for large outsourcing projects a specific risk analysis is required.

**Measuring**

All risks in the risk-control frameworks are assessed on likelihood of defaults and impact. Where applicable, the variables are quantified, but often judgments of subject matter experts are required. Based on the estimation of the variables, each risk is labelled with a specific level of concern (1 to 4). Gross risks with a level of concern 3 or 4 are considered ‘key’.

**Managing**

For each risk, identified controls are implemented into the processes to keep the level of risk within the agreed risk appetite (level of concern 1 or 2). In general, risks can be accepted, mitigated, avoided or transferred. A large range of options is available to mitigate operational risks, depending on the type. An estimation is made of the net risk, after implementing the control(s). A more effective and efficient approach to managing risks is required driven by increased complexity of processes, data processing and the need for a timely and accurate view on the risk profile. a.s.r. is therefore in the process of shifting towards a more automated approach to manage risks, for example automated controls and data analysis.

**Monitoring and reporting**

The effectiveness of operational risk management is periodically monitored by the business risk manager at each business line or legal entity. For each key control in the risk-control framework a testing calendar is established, based on auditing standards. Each control is tested regularly and the outcomes of the effectiveness of the management of key risks are reported to the management board. Outcomes are also reported to the NFRC and a.s.r. risk committee.

**Evaluating**

Periodically, yet at least annually, the risk-control frameworks and ORM policies are evaluated to see if revisions are necessary. The risk management function also challenges the business lines and legal entities regarding their risk-control frameworks.

**Operational incidents**

Operational incidents are reported to GRM, in accordance with the operational risk policy. The causes of losses are evaluated in order to learn from these experiences. An overview of the largest operational incidents and the level of operational losses is reported to the NFRC. Actions are defined and implemented to avoid repetition of operational losses.

**ICT**

Through IT risk management, a.s.r. devotes attention to the efficiency, effectiveness and integrity of ICT, including End User Computing applications. The logical access control for key applications used in the financial reporting process remains a high priority in order to enhance the integrity of applications of data. The logical access control procedures also prevent fraud by improving segregation of duties and by conducting regular checks of actual access levels within the applications. Proper understanding of information, security and cyber risks is essential, reason for which continuous actions are carried out to create awareness among employees and management. All of a.s.r.’s security measures are tested frequently. In case of cyber a.s.r. is participating in de DNB Threat Intel Based Ethical Hacking exercise. This exercises test a.s.r. on the highest level of threats with sophisticated attack methods.

### Business Continuity Management

Operational management can be disrupted significantly by unforeseen circumstances or calamities which could ultimately disrupt the execution of critical and operational processes. Business Continuity Management enables a.s.r. to continue its daily business uninterruptedly and to react quickly and effectively during such situations.

Critical processes and activities and the tools necessary to use for these processes are identified during the Business Impact Analysis. This includes the resources required to establish similar activities at a remote location. The factors that can threaten the availability of those tools necessary for the critical processes are identified in the Threat Analysis.

a.s.r. considers something a crisis when one or more business lines are (in danger of being) disrupted in the operational management, due to a calamity, or when there is a reputational threat. In order to reduce the impact of the crisis, to stabilise the crisis, and to be able to react timely, efficiently and effectively, a.s.r. has assigned a crisis organisation.

There is a central crisis team led by a member of the board. Each business line has their own crisis team led by the director of the management team. The continuity of activities and the recovery systems supporting critical activities are regularly tested and crisis teams are trained annually. The objective of the training is to give the teams insights into how they function during emergencies and to help them perform their duties more effectively during such situations. The training also sets out to clarify the roles, duties and responsibilities of the crisis teams. One important training scenario used is a scenario that includes cyber threats.

### Preparatory Crisis Plan

On 1 January 2019 Dutch legislation entered into force that addresses the recovery and settlement of insurance companies ('Wet herstel en afwikkeling van verzekeraars' in Dutch). The objective is that insurance companies and supervisors are better prepared against a crisis and that insurance companies can recover from a crisis without government aid. a.s.r. is obliged to have a Preparatory Crisis Plan ('Voorbereidend Crisisplan' in Dutch) in place that has been approved by DNB. In 2021 a.s.r. established its Preparatory Crisis Plan. a.s.r.'s Preparatory Crisis Plan helps to be prepared and have the capacity to act in various forms of extreme financial stress. The Preparatory Crisis Plan describes and quantifies the measures that can be applied to live through a crisis situation. These measures are tested in the scenario analysis, in which the effects of each recovery measure on a.s.r.'s financial position (solvency and liquidity) are quantified. The required preparations for implementing the measures, their implementation time and effectiveness, potential obstacles, impact on policy holders and operational effects are also assessed. The main purpose of the Preparatory Crisis Plan is to increase the chances of successful early intervention in the event of a financial crisis situation and to further guarantee that the interest of policyholders and other stakeholders are protected.

### Reasonable assurance and model validation

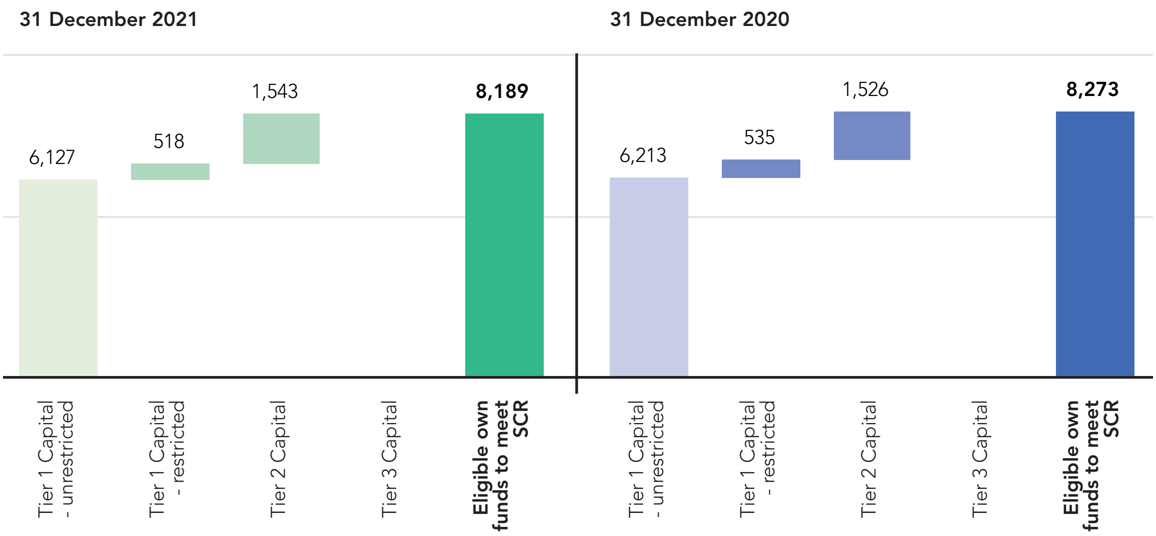
a.s.r. aims to obtain reasonable assurance regarding the adequacy and accuracy of the outcomes of models that are used to provide best estimate values and solvency capital requirements. To this end, multiple instruments are applied, including model validation. Two times a year a model inventory is performed by the productlines to determine if and when a model (re)validation is required. Triggers for model (re)validation are diverse, e.g. regulation, conversions, analysis of change. Materiality is determined by means of an assessment of impact and complexity. Impact and complexity is expressed in terms of High (H), Medium (M), or Low (L). The model inventories are discussed in the Model Committee.

In the pursuit of reasonable assurance, model risk is mitigated and unacceptable deviations are avoided, against acceptable costs.

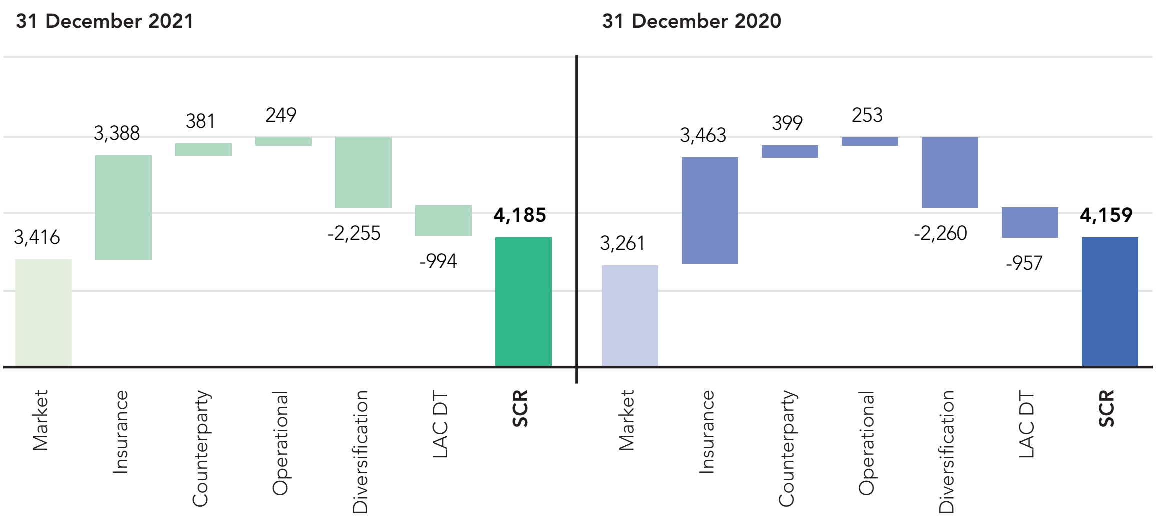
# 6.9 **Capital** management

## Key figures

### Eligible own funds




### SCR

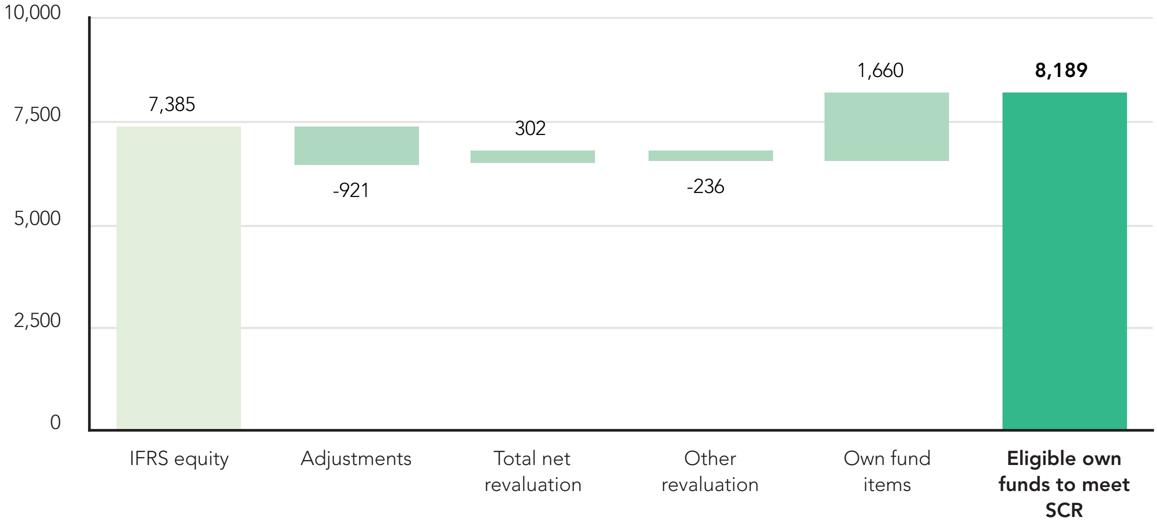



The solvency ratio stood at 196% as at 31 December 2021 after distribution of the proposed dividend and is based on the standard formula as a result of € 8,189 million EOF and € 4,185 million SCR.

The decrease of EOF was mainly driven by the contribution of the organic capital creation, higher equity markets and interest and spread developments partly offset by a lower VA, the UFR reduction, the impact of higher inflation and capital distributions such as dividend.

This increase of the SCR was driven mainly by increased equity risk due to higher equity valuations and higher insurance risk related to Non-life due to the growth of the business, partly offset by lower required capital for insurance risk Life due to higher interest rates and an increased LAC DT due to an increase in the corporate tax rate from 25.0% to 25.8%.

**Reconciliation total equity IFRS vs EOF Solvency II**




The table above presents the reconciliation of IFRS equity to the solvency II as per 31 December 2021. The main differences between the IFRS equity and EOF Solvency II are:

- Adjustment of other equity instruments (the other equity instruments excludes any discretionary interest);
- Total net revaluation of assets, such as loans and mortgages, and revaluation of the technical provisions;
- Other revaluations mainly elimination of goodwill;
- Own fund items, for example addition of subordinated liabilities, other equity instruments (excluding any discretionary interest), foreseeable dividend and valuation difference of financial institutions.

## 6.9.1 Capital management objectives

**Management**

Overall capital management is administered at group level. a.s.r. currently intends to consider investing capital above the management target Solvency II ratio (calculated based on the standard formula) of 160% with the objective of creating value for its shareholders. If and when a.s.r. operates at a certain level (which may change over time) that is considerably above the management target, and it assesses that it cannot invest this capital in value-creating opportunities for a prolonged period of time, a.s.r. may decide, but is not obliged, to return (part of this) capital to its shareholders.

If a.s.r. chooses to return capital, it plans to do so in a form that is efficient for shareholders at that time. a.s.r. actively manages its in-force business, which is expected to result in free capital generation over time. Additionally, business improvement and balance sheet restructuring should improve the capital generation capacity while advancing the risk profile of the company. The legal entities are individually capitalised and excess capital over management's targets for the legal entities is intended to be upstreamed to the holding company as far as is needed for amongst others covering external dividend, coupon payments on hybrids / senior financing instruments and holding costs and in so far the local regulations and the internal risk appetite statement allow. Excess capital that is upstreamed to the holding company is added to and managed in the holding cash buffer until it is further distributed and used to cover dividends, coupons and other holding expenses. The capital and cash attribution to the holding is closely monitored and managed on a continuous basis.

**Objectives**

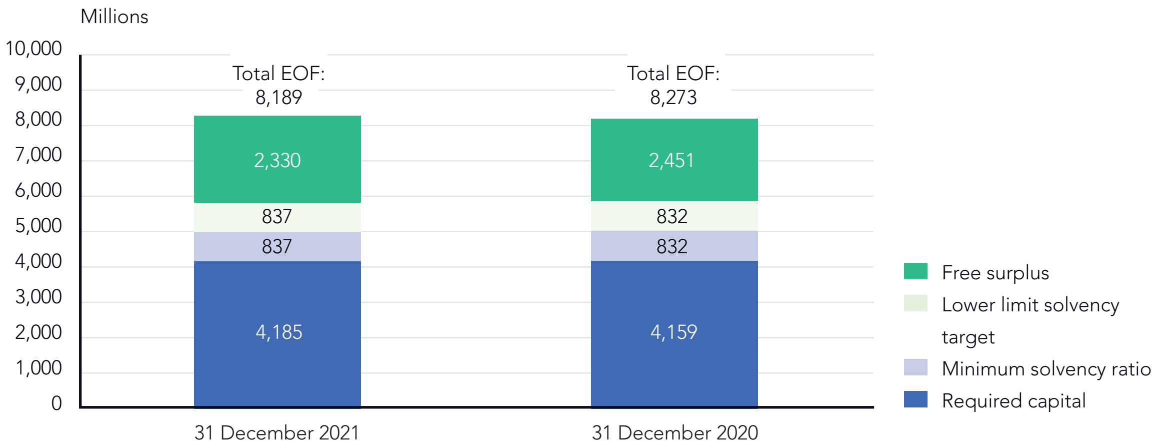
The group is committed to maintain a strong capital position in order to be a robust and sustainable insurer for its policyholders and other stakeholders. The objective is to maintain a solvency ratio well above the minimum levels as defined in the risk appetite statements and above the relevant management threshold levels. Sensitivities are periodically performed for principal risks and annual stress tests are performed to test a.s.r.'s robustness to withstand moderate to severe scenarios. An additional objective is to achieve a combination of a capital position and a risk profile that is at least in line with a 'single A' rating by Standard & Poor's.

The SCR is reported on a quarterly basis and proxies are made on both a monthly and weekly basis. The internal minimum solvency ratio for a.s.r. as formulated in the risk appetite statement is 120%. The lower limit solvency target is 140%. The management threshold level for the solvency ratio is above 160%. The solvency ratio stood at 196% at 31 December 2021 after final dividend, which was comfortably above the internal requirement of 120% and the management threshold level of 160%.

In accordance with a.s.r.'s dividend policy, the liquidity of the underlying entities is not taken into account for the liquidity position of the group. However, the capital is recognised in the capital position of the group, since a.s.r. has the ability to realise the capital of this OTSO, for example by selling the entity. Specifically regarding a.s.r. health basic in 2021, no dividend or capital withdrawals have taken place.

The table below shows how the eligible own funds of a.s.r. relate to the different capital targets.

**Market value own funds under SCR**




## 6.9.2 Solvency ratio and a.s.r. ratings

**Capital requirement**

The required capital stood at € 4,185 million per 31 December 2021 (2020: € 4,159 million). The required capital (before diversification) consists for 2021 € 3,416 million out of market risk and the insurance risk amounted to € 3,388 million.

a.s.r.'s Solvency II ratio, including financial institutions, complied during 2021 with the applicable externally imposed capital requirement. The capital requirements of the financial institutions fall under a different sectoral supervision regime.

The table below presents the solvency ratio at group level as at the date indicated.

**Eligible own funds to meet the SCR**

| | 31 December 2021 | 31 December 2020 |
|---|---|---|
| Eligible Own Funds Solvency II | 8,189 | 8,273 |
| Required capital | 4,185 | 4,159 |
| **Solvency II ratio excluding Financial Institutions** | **196%** | **199%** |
| Eligible Own Funds Solvency II | 8,270 | 8,351 |
| Required capital | 4,233 | 4,200 |
| **Solvency II ratio including Financial Institutions** | **195%** | **199%** |

The Solvency II ratio stood at 196% (excluding financial institutions) as at 31 December 2021 (2020: 199%). The Solvency II ratio including financial institutions stood at 195% as at 31 December 2021 (2020: 199%). The Solvency II ratios presented are not final until filed with the regulators.

Based on the knowledge and insights we have today we expect both positive as well as negative impact on the business and financial performance from the COVID-19 crisis. However, this has up to now had a limited impact on the solvency position of a.s.r.

Under Solvency II it is permitted to reduce the required capital with the mitigating tax effects resulting from a 1-in-200-year loss (Shock loss). There is a mitigating tax effect to the extent that the Shock loss (BSCR + Operational risk) is deductible for tax purposes and can be compensated with taxable profits. This positive tax effect can only be taken into account when sufficiently substantiated ('more likely than not'). a.s.r. included a beneficial effect on its solvency ratio(s) due to the application of the LAC DT. The LAC DT benefit was € 994 million at year-end 2021.

Relevant regulation and current guidance (Delegated Regulation, Level 3 guidelines, Dutch Central Bank Q&A's and IAS12) is taken into account in the development of the LAC DT methodology.

a.s.r. uses an advanced model for the LAC DT of both a.s.r. life and a.s.r. non-life and a 'basic' model for a.s.r. health basic and supplementary. In the advanced model future fiscal profits are used to underpin the LAC DT, while in the basic model no future profits are used. Both models are and will be updated in case constrained by additional guidance or legislation provided.

The a.s.r. solvency ratio does not include any contingent liability potentially arising from any of the current and / or future legal proceedings in relation to unit-linked insurance contracts or for other products sold, issued or advised on by a.s.r.'s insurance subsidiaries in the past, the reason being that it is impossible at this time to make reliable estimates because the book of policies of a.s.r. dates back many years, contains of a variety of products with different features and conditions and because of the fact that rulings are diverse.

On 22 September 2021 the European Commission adopted a 'review package' of Solvency II legislation. It consists of various changes to the Solvency II framework, affecting most notably the liability discount curve, the risk margin and the volatility adjustment (VA). The next step is for the European Parliament and the Member States in the Council to negotiate the final legislative texts on the basis of the Commission's proposals. It is expected that the changes will come into effect in 2024 at the earliest and that some measures will include a phase-in period. Quantitative impact of the EC proposal has been analysed and appears to be more favourable compared to the earlier EIOPA advice, but a conclusion is only possible after specifications have been finalised.

Standard & Poor's confirmed the single A rating of a.s.r., a.s.r. life and a.s.r. non-life on 14 September 2021.

**Ratings per legal entity**

| Ratings Standard & Poor's | Type | Rating | Outlook | Rating & outlook since |
|---|---|---|---|---|
| ASR Nederland N.V. | CCR | BBB+ | Stable | 15 May 2014 |
| ASR Levensverzekering N.V. | FSR | A | Stable | 23 August 2012 |
| ASR Levensverzekering N.V. | CCR | A | Stable | 23 August 2012 |
| ASR Schadeverzekering N.V. | FSR | A | Stable | 23 August 2012 |
| ASR Schadeverzekering N.V. | CCR | A | Stable | 23 August 2012 |

CCR: counterparty credit rating
FSR: financial strength rating

Rating reports can be found on the corporate website: www.asrnl.com

## 6.9.3 Additional information

### 1. Mergers and Acquisitions

On 26 August 2020, a.s.r. announced the intended acquisition of 50% of the Brand New Day Premiepensioeninstelling N.V. (Brand New Day IORP) shares from Brand New Day Houdstermaatschappij N.V. a.s.r. already held 50% of the shares and is now the sole owner of Brand New Day IORP. The transaction was closed on 1 April 2021.

On 23 December 2021, a.s.r. completed the acquisition of part of the Princess Ariane windpark by acquiring the assets and liabilities of wind farm Wieringermeer. As a result, a.s.r. will be the owner of part of the largest Dutch onshore wind farm. In this way, a.s.r. makes a positive contribution to the energy transition and to preserving a sustainable living environment. The a.s.r. Solvency II ratio is not significantly impacted as a result of the acquisition.

### 2. Capital Market transactions

a.s.r. did not redeem or issue hybrid or subordinated capital in 2021.

### 3. Share buyback programme

a.s.r. made additional capital distributions of € 75 million per annum in 2020 and 2021 and intends to distribute another € 75 million in 2022. a.s.r. has the further intention for the medium term after 2022 to make an additional capital distribution of at least€ 100 million per year, on top of the progressive regular dividend. Any additional capital distribution shall be conditional upon our Solvency II ratio (based on the standard formula) to remain above 175% (lowered from 180%), as a.s.r. aims to maintain a robust balance sheet. The additional distribution will be financed from the available OCC, taking into account the regular dividend, room for potential bolt-on acquisitions and re-risking. If there are opportunities for larger acquisitions, this may have implications for the annual additional capital distribution .a.s.r. will assess the possibility of an additional distribution on an annual basis. a.s.r. decided to buy back € 75 million of own shares, starting on 24 February 2022 and to be completed on or before 24 May 2022. Based on a.s.r. reporting policies, the announced share buyback in 2022, is not part of the presented Solvency II ratio per 31 December 2021.

### 4. Dividend

a.s.r. has proposed a total dividend per share of € 2.42 over the full year 2021 (2020: € 2.04 per share). Taking into account the interim dividend of € 0.82 per share, the final dividend amounts to € 1.60 per share. The final dividend amounts to € 217.3 million based on the number of shares per 31 December 2021. From 2022 onwards, a.s.r. will apply a progressive dividend.

On 18 December 2020, DNB reiterated the recommendation from the European Systemic Risk Board (ESRB) to take the impact of COVID-19 and the low interest rate environment into account in their prospective analysis as part of the dividend proposals. a.s.r. has taken the recommendation into account in preparing the dividend proposal.

### 5. Deferred tax asset / liabilities

In accordance with the Delegated Regulation and the recommendations of DNB, netting on de balance sheet is only allowed with same tax authority and with same timing. Based on this netting principles, a.s.r. group contains a DTA and a DTL on the balance sheet. For tiering principles the split in DTA and DTL is not applicable.

# 6.10 Operating result

a.s.r. manages its business primarily using operational key performance indicators (KPIs). The operating result is the KPI covering the overall profitability of the business. Furthermore, a.s.r. uses other operational measures such as the COR, the life operating expenses as well as the availability and creation of capital, based on the Solvency II standard formula, as key figures in business decision making (see chapter 6.9).

The operating result is managed and presented at the consolidated a.s.r. and at a segment level (see chapter 6.4.3) and is also the key profitability indicator at business line level. The operating result is an inclusive measure covering all result components that can be influenced by the regular business. As such the operating result is the single bottom line performance indicator covering the performance of the business.

As a.s.r. applies shadow accounting and realised gains and loss accounting under IFRS 4, to ensure that insurance liabilities are adequate and to ensure that capital gains or losses on assets backing the insurance liabilities are allocated to the insurance liabilities, the operating result only differentiates from the IFRS result on items which are not directly related to its business. The capital gains on assets backing the insurance liabilities are allocated to the technical provisions and are released into the (operating) result over time. The operating result therefore reflects all investment related components that can be influenced by the business, as included in the IFRS result, but does not include any impairments on financial instruments, nor capital gains and fair value changes on the assets not backing the insurance liabilities (mostly equity and real estate investments).

It is current market practice for insurers to use an operating result to measure the underlying business performance, however the various current operating result definitions in the market seem to diverge. The a.s.r. operating result definition has limited deviations from the IFRS result. Following the implementation of IFRS 17 the operating result definitions need to be revised which may provide the opportunity to enhance the comparability of the operating result definition in the market.

### Definition of operating result

Operating result is calculated by adjusting result before tax for continuing operations reported in accordance with IFRS, as adjusted for the changes in accounting policies and for the following:

i. Investment related: investment income of an incidental nature (including capital gains and losses, impairments and fair value changes) on financial instruments for own account, net of applicable shadow accounting and net of additional provisions recognised for realised gains and losses on financial assets backing the insurance liabilities ('compensation of realised capital gains') impact;
ii. Incidental items:
    i. Model- and methodological changes of a fundamental nature;
    ii. Results of non-core operations; and
    iii. Other non-recurring or one-off items, which are not directly related to the core business and / or ongoing business of the group, restructuring costs, regulatory costs not related to business activities, changes in the own pension arrangements and expenses related to M&A activities and start-ups.

The RoE, which is based on the operating result, is defined as:

i. The operating result adjusted for hybrid expenses and the applicable tax divided by
ii. The IFRS equity adjusted for unrealised capital gains reserve and equity components of non-core activities.

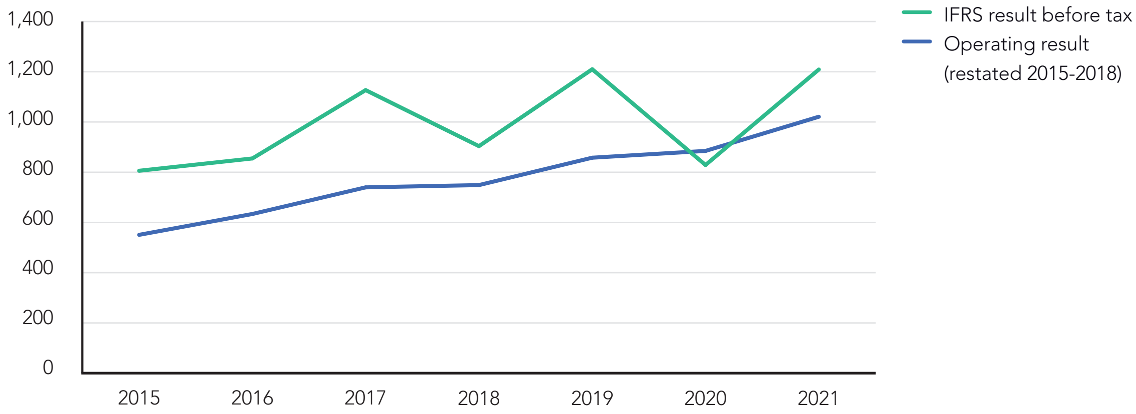
### Historical comparison

a.s.r. introduced the operating result in 2015 prior to the IPO. The operating result has since been the KPI for managing the profitability of the business. The seven-year comparison of the IFRS result and the operating result shows that the IFRS result for the year is more prone to volatility. In every year except 2020 the IFRS result has exceeded the operating result. Only in 2020, the operating result was higher than the IFRS result.

In 2021, indirect investment income increased (€ 107 million), partly driven by COVID-19 which had a more negative impact in 2020. Impairments on investments decreased by € 34 million, mainly related to decreasing equity prices on the stock markets due to COVID-19 in the first half of 2020, see chapter 6.5.5 and 6.6.9. Impairments are back on the pre-COVID-19 level of 2019.

In addition, the impact of incidentals was less negative in 2021 compared to 2020, see below. As a result, the IFRS result of 2021 is in line with the IFRS result of 2019, pre-COVID-19.

The development of the operating results shows a steady increase as the business has grown.




### Reconciliation of IFRS result for the year to operating result

The reconciliation of the IFRS result for the year to the operating result is presented as follows:

**IFRS result to operating result**

| | 2021 | 2020 |
|---|---|---|
| Result before tax | 1,209 | 829 |
| minus: investment related | 291 | 185 |
| minus: incidentals | -104 | -241 |
| **Operating result** | **1,021** | **885** |

Indirect investment income amounted to € 291 million, an increase of € 107 million compared to 2020. The increase is due to one-off transaction results on the step up acquisition of Brand New Day IORP and mortgages sold to external parties, lower impairments and positive revaluations on real estate equity funds.

Incidentals increased by € 137 million to € -104 million. This is mainly due to impairments on goodwill in 2020 which were partly COVID-19 related (€ 117 million). Furthermore, as a result of the agreed change of pension scheme, a past service cost of € -93 million pre-tax has been recognised in 2021 (2020: € -59 million), see chapter 6.5.17.1. In 2021, incidentals also comprise regulatory project implementation costs (IFRS 17 and IFRS 9), amortisation of intangibles identified in business combinations (VOBA, other intangible assets) and start-up costs for innovations.

# 6.11 **Company** financial statements

## 6.11.1 **Company balance sheet**

**Company balance sheet**

| (in € millions and before profit appropriation) | Note | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible assets | 6.11.3.2 | 38 | 43 |
| Property and equipment | 6.11.3.3 | 229 | 272 |
| Subsidiaries | 6.11.3.4 | 8,293 | 7,572 |
| Investments | 6.11.3.5 | 502 | 349 |
| Loans to group companies | 6.11.3.6 | 45 | 41 |
| Loans and deposits | 6.11.3.7 | 20 | 18 |
| Deferred tax assets | 6.11.3.8 | 62 | 127 |
| **Total non-current assets** | | **9,191** | **8,421** |
| | | | |
| **Current assets** | | | |
| Other receivables | 6.11.3.9 | 3,587 | 3,478 |
| Cash and cash equivalents | 6.11.3.10 | 18 | 152 |
| **Total current assets** | | **3,605** | **3,630** |
| | | | |
| **Total assets** | | **12,796** | **12,052** |
| | | | |
| **Equity** | | | |
| Share capital | 6.11.3.11 | 22 | 23 |
| Share premium reserve | 6.11.3.11 | 956 | 976 |
| Legal reserves | 6.11.3.11 | 2,445 | 1,995 |
| Actuarial gains and losses | 6.11.3.11 | -1,055 | -1,253 |
| Retained earnings | 6.11.3.11 | 3,247 | 3,099 |
| Treasury shares | 6.11.3.11 | -83 | -82 |
| | | | |
| *Net result for the year* | | *942* | *657* |
| *Less: interim dividend* | | *-111* | *-105* |
| Unappropriated result | 6.11.3.11 | 830 | 552 |
| **Equity attributable to shareholders** | | **6,363** | **5,309** |
| Other equity instruments | 6.11.3.11 | 1,004 | 1,004 |
| **Equity attributable to holders of equity instruments** | | **7,367** | **6,313** |
| | | | |
| **Provisions** | | | |
| Employee benefits | 6.11.3.12 | 4,013 | 4,253 |
| Other provisions | 6.11.3.13 | 8 | 18 |
| **Total provisions** | | **4,021** | **4,271** |
| | | | |
| **Long-term liabilities** | | | |
| Subordinated liabilities | 6.11.3.14 | 992 | 991 |
| Borrowings | 6.11.3.15 | 234 | 276 |
| Debts to group companies | 6.11.3.16 | - | 31 |
| **Total long-term liabilities** | | **1,226** | **1,298** |
| | | | |
| **Current liabilities** | | | |
| Due to banks | 6.11.3.17 | 105 | 105 |
| Other liabilities | 6.11.3.18 | 77 | 65 |
| **Total current liabilities** | | **182** | **170** |
| | | | |
| **Total equity and liabilities** | | **12,796** | **12,052** |

The numbers following the line items refer to the relevant chapters in the notes to the company financial statements.

## 6.11.2 **Company income statement**

**Company income statement**

| (in € millions) | Note | 2021 | 2020 |
|---|---|---|---|
| Operating expenses | 6.11.3.19 | -135 | -160 |
| Impairments | | - | -64 |
| Other expenses | | -99 | -61 |
| | | | |
| Other income | | - | 5 |
| | | | |
| **Income from subsidiaries and investments** | | | |
| Share of result in subsidiaries | 6.11.3.4 | 1,109 | 858 |
| Investment income | 6.11.3.20 | 51 | 98 |
| Fair value gains and losses | | -2 | -2 |
| | | | |
| Interest expense | 6.11.3.21 | -51 | -52 |
| | | | |
| **Result before tax** | | **874** | **623** |
| | | | |
| Income tax (expense) / gain | | 68 | 34 |
| **Net result** | | **942** | **657** |

The share of result in subsidiaries is non-taxable as a result of the participation exemption under Dutch tax law.

## 6.11.3 **Notes to the company financial statements**

### 6.11.3.1 Accounting policies

The company financial statements are prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. The consolidated financial statements of a.s.r. for 2021 have been prepared in accordance with IFRS – including the IAS and Interpretations – as accepted within the EU and with part 9 of the book of the Dutch Civil Code. In accordance with Section 362(8), Book 2 of the Dutch Civil Code, the same accounting policies for the recognition and measurement of assets and liabilities and determination of results applied to the company financial statements are applied to the consolidated financial statements.

Investments in group companies are recognised, using the equity method, in accordance with the accounting policies used in a.s.r.'s consolidated financial statements whereby the goodwill, if any, is presented separately. The share of profit of group companies is reported in conformity with the accounting policies used in a.s.r.'s consolidated financial statements.

Lease contracts are disclosed using IFRS 16 based on the option under RJ 292.1.

Unless stated otherwise, all amounts presented in these financial statements are in millions of €. Calculations in the tables are made using unrounded figures. As a result rounding differences can occur.

### 6.11.3.2 Intangible assets

**Intangible assets**

| | 2021 | 2020 |
|---|---|---|
| Goodwill | 17 | 17 |
| Intangible assets | 21 | 25 |
| | | |
| **Total intangible assets** | **38** | **43** |

The goodwill relates to the acquisition of BNG Vermogensbeheer in 2016 (€ 4 million) and to the acquisition of Generali in 2018 (€ 13 million). No impairments were deemed necessary. For more information see chapter 6.5.1.

The change in the amount of intangible assets relates to amortisation which is presented in the operating expenses.

## 6.11.3.3 Property and equipment

| Property and equipment | 2021 | 2020 |
|---|---|---|
| **Right-of-use assets:** | | |
| Land and buildings owned by subsidiary | 216 | 256 |
| Vehicles | 10 | 11 |
| Other | 3 | 4 |
| | | |
| **Total property and equipment** | **229** | **272** |

The right-of-use assets includes property and equipment that is leased by a.s.r. Land and buildings owned by subsidiary relates mainly to the a.s.r. head office, which is owned by a.s.r. life.

| Changes in property and equipment | 2021 | 2020 |
|---|---|---|
| At 1 January | 272 | 217 |
| Additions | 3 | 8 |
| Depreciation | -12 | -12 |
| Remeasurement | -33 | 59 |
| Impairments | - | - |
| Other changes | -1 | - |
| | | |
| **At 31 December** | **229** | **272** |
| | | |
| Gross carrying amount as at 31 December | 260 | 293 |
| Accumulated depreciation as at 31 December | -31 | -22 |
| Accumulated impairments as at 31 December | - | - |
| | | |
| **Net carrying value as at 31 December** | **229** | **272** |

Depreciation of property and equipment is recorded in the operating expenses (see chapter 6.11.3.19).

## 6.11.3.4 Subsidiaries

| Subsidiaries | 2021 | 2020 |
|---|---|---|
| At 1 January | 7,572 | 7,222 |
| Additions | 4 | 19 |
| Share of result | 1,109 | 859 |
| Dividend received | -683 | -657 |
| Revaluations | 318 | 132 |
| Other changes | -27 | -2 |
| | | |
| **At 31 December** | **8,293** | **7,572** |

Included in the other changes 2021 is a share premium reimbursement of € 17 million related to the sale of ASR Bank N.V. in 2020.

The share of result in subsidiaries also includes consolidation adjustments, amongst others relating to the LAT-shortfall of a.s.r. life (see chapter 6.8.2).

## 6.11.3.5 Investments

The investments consists of cash invested in government bonds with a maturity of less than one year to optimise the Solvency II ratio, see chapter 6.11.3.10.

## 6.11.3.6 Loans to group companies

**Loans to group companies**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 41 | 41 |
| Issues | 9 | 22 |
| Repayments | -5 | -22 |
| | | |
| **At 31 December** | **45** | **41** |

The loans to group companies are € 45 million (2020: € 41 million) which are expected to be settled more than one year after the balance sheet date and an average interest rate of 5.14% (2020: 4.85%).

Interest income on loans to group companies amounts to € 2 million (2020: € 1 million).

## 6.11.3.7 Loans and deposits

**Loans and deposits**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 18 | 20 |
| Issues | 1 | - |
| Repayments | - | - |
| Impairments | - | - |
| Other changes | 1 | -1 |
| | | |
| **At 31 December** | **20** | **18** |

The loans and deposits which are expected to be settled within one year after the balance sheet date are nil (2020: nil).

## 6.11.3.8 Deferred tax assets

The deferred tax assets mainly arises from the difference in commercial and fiscal valuation of employee benefits (including the assets resulting from the insurance contracts, which are administrated by a.s.r. life) amounting to € 170 million (2020: € 226 million), partly offset by the equalisation reserve of € 108 million (2020: € 94 million).

## 6.11.3.9 Other receivables

The other receivables includes receivables from group companies, which include the receivable with respect to non-qualifying plan assets (see chapter 6.5.17) administered by a.s.r. life amounting to € 3,308 million (2020: € 3,302 million). The plan assets administered by a.s.r. life include the separate account to fund future inflation indexation amounting to € 192 million as at 31 December 2021 (2020: € 242 million). The remaining portion of the receivables from group companies is payable on demand.

## 6.11.3.10 Cash and cash equivalents

In 2021, cash is invested in short-term government bonds, see chapter 6.11.3.5.

Cash and cash equivalents are fully and freely available.

# 6.11.3.11 Equity

**Equity**

| | Share capital | Share premium reserve | Legal reserves | Actuarial gains and losses | Retained earnings | Treasury shares | Unappropriated result | Other equity instruments | Equity |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2021** | 23 | 976 | 1,995 | -1,253 | 3,099 | -82 | 552 | 1,004 | 6,313 |
| Appropriation of the result previous year | - | - | - | - | 552 | - | -552 | - | - |
| Net result for the year | - | - | - | - | - | - | 942 | - | 942 |
| Dividend paid | - | - | - | - | -174 | - | -111 | - | -285 |
| Remeasurement of post employment benefit obligation | - | - | - | 198 | - | - | - | - | 198 |
| Unrealised change in value | - | - | 318 | - | 7 | - | - | - | 325 |
| Change in reserves required by law | - | - | 133 | - | -133 | - | - | - | - |
| Discretionary interest on other equity instruments | - | - | - | - | -48 | - | - | - | -48 |
| Treasury shares acquired (-) / sold | - | - | - | - | -1 | -78 | - | - | -79 |
| Increase (decrease) in capital | - | -20 | - | - | -57 | 78 | - | - | - |
| Other movements | - | - | - | - | 1 | - | - | - | 1 |
| | | | | | | | | | |
| **At 31 December 2021** | **22** | **956** | **2,445** | **-1,055** | **3,247** | **-83** | **830** | **1,004** | **7,366** |

| | Share capital | Share premium reserve | Legal reserves | Actuarial gains and losses | Retained earnings | Treasury shares | Unappropriated result | Other equity instruments | Equity |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2020** | 23 | 976 | 1,868 | -1,016 | 2,374 | -9 | 873 | 1,004 | 6,093 |
| Appropriation of the result previous year | - | - | - | - | 873 | - | -873 | - | - |
| Net result for the year | - | - | - | - | - | - | 657 | - | 657 |
| Dividend paid | - | - | - | - | -166 | - | -105 | - | -272 |
| Remeasurement of post employment benefit obligation | - | - | - | -237 | - | - | - | - | -237 |
| Unrealised change in value | - | - | 132 | - | 68 | - | - | - | 200 |
| Change in reserves required by law | - | - | -5 | - | 5 | - | - | - | - |
| Discretionary interest on other equity instruments | - | - | - | - | -48 | - | - | - | -48 |
| Treasury shares acquired (-) / sold | - | - | - | - | -1 | -73 | - | - | -74 |
| Other movements | - | - | - | - | -6 | - | - | - | -6 |
| | | | | | | | | | |
| **At 31 December 2020** | **23** | **976** | **1,995** | **-1,253** | **3,099** | **-82** | **552** | **1,004** | **6,313** |

## Share capital
For a breakdown of the share capital, see chapter 6.5.13.1.

## Legal reserves
The legal reserves relate to the revaluation of investments in group companies. The legal reserves are maintained in relation to the (not yet received as dividend) share in the result (and other additions to equity) of group companies accounted for using the equity method since initial recognition reduced with the amount of dividend that a.s.r. is able to distribute without restrictions. The legal reserves are not freely distributable. See chapter 6.9 for more information on the regulatory restrictions.

## Other equity instruments
The other equity instruments relate to two (2020: two) different hybrid Tier 1 and Tier 2 instruments classified as equity. See chapter 6.5.13.5 for more information.

## Freely distributable items
The part of equity attributable to shareholders that is available for dividend distributions is limited by the Dutch Civil Code and the Dutch Supervisory Rules and Regulations (Solvency II requirements). The distribution of capital is restricted

in accordance with the Dutch Civil Code for share capital and statutory reserves. The Solvency II requirements stipulate that a.s.r. must maintain a minimum amount of capital.

The freely distributable reserves is based on the lowest outcome of the restrictions from the Dutch Civil Code and the Solvency II requirements. This is further explained in the table below:

**Distributable items**

| | 2021 | 2020 |
|---|---|---|
| Equity attributable to shareholders | 6,363 | 5,309 |
| Non distributable items | | |
| - Share capital[1] | 22 | 23 |
| - Legal reserves | 2,445 | 1,995 |
| **Distributable items based on the Dutch Civil Code** | **3,896** | **3,292** |
| | | |
| Reserves available for financial supervision purposes | 8,270 | 8,351 |
| Solvency II requirement under the Financial Supervision Act | 4,233 | 4,200 |
| **Distributable items based on the Solvency II requirements** | **4,037** | **4,151** |
| | | |
| **Freely distributable items (lower of the values above)** | **3,896** | **3,292** |

For more information on Solvency II capital management objectives see chapter 6.9.1.

## 6.11.3.12 Employee benefits

Employee benefits can be broken down as follows (see chapter 6.5.17 for further details):

**Employee benefits**

| | 2021 | 2020 |
|---|---|---|
| Post-employment benefits pensions | 3,990 | 4,228 |
| Post-employment benefits other than pensions | 9 | 10 |
| **Post-employment benefit obligation** | **3,999** | **4,238** |
| | | |
| Other long-term employee benefits | 14 | 15 |
| | | |
| **Total** | **4,013** | **4,253** |

## 6.11.3.13 Other provisions

**Changes in provisions**

| | 2021 | 2020 |
|---|---|---|
| At 1 January | 18 | 35 |
| Additional provisions | 4 | 9 |
| Reversal of unused amounts | -1 | -3 |
| Utilised in course of year | -13 | -22 |
| | | |
| **At 31 December** | **8** | **18** |

Provisions primarily relate to provisions for employee restructuring and retained disability risk.

The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and time required for the settlement of disputes.

An amount of € 8 million (2020: € 16 million) of the provisions is expected to be settled within twelve months after the balance sheet date.

1 Less the nominal value of treasury shares if applicable

## 6.11.3.14 Subordinated liabilities

The subordinated liabilities relate to two Tier 2 notes and can be broken down as follows (see chapter 6.5.14 for more information).

**Subordinated liabilities**

| | Nominal amount | Carrying value 2021 | Carrying value 2020 |
|---|---|---|---|
| Hybrid Tier 2 instrument 5.125% fixed interest | 500 | 498 | 498 |
| Hybrid Tier 2 instrument 3.375% fixed interest | 500 | 494 | 493 |
| **Total subordinated liabilities** | **1,000** | **992** | **991** |

## 6.11.3.15 Borrowings

**Borrowings**

| | 2021 | 2020 |
|---|---|---|
| Lease liabilities | 234 | 276 |
| **Total borrowings** | **234** | **276** |

The lease liabilities consist primarily (€ 221 million, 2020: € 260 million) of the lease of the a.s.r. head office from a.s.r. life. The interest rate for the lease of the head office is 1.7% (2020: 1.5%). The decline in lease liabilities relates primarily to the decline of the present value of the future lease payments due to the risen interest rate, see accounting policy AA in chapter 6.3.5. The maturity of this contract is 34 years, which includes the total of five extension options of five years each.

An amount of € 13 million (2020: € 14 million) of the lease liabilities is expected to be settled within twelve months after the balance sheet date.

## 6.11.3.16 Debts to group companies

Debts to group companies have been paid in full in 2021 (2020: € 31 million) which contained one deposit due to group companies of € 31 million with an average interest rate of 0.6% (2020: 0.6%).

The interest expense on debts to group companies in 2021 is € 0.1 million (2020: € 0.1 million).

## 6.11.3.17 Due to banks

In 2021 due to banks amounted to € 105 million (2020: € 105 million). The entire amount of due to banks is expected to be settled less than or equal to one year after the balance sheet date.

## 6.11.3.18 Other liabilities

**Other liabilities**

| | 2021 | 2020 |
|---|---|---|
| Accrued interest | 19 | 18 |
| Short-term employee benefits | 20 | 16 |
| Other liabilities | 38 | 31 |
| **Total other liabilities** | **77** | **65** |

The carrying amount of other liabilities is a good approximation of their fair value.

## 6.11.3.19 Operating expenses

The operating expenses of € 135 million (2020: € 160 million) are operating expenses relating to holding activities. The decline in the operating expenses is mainly a result of lower costs of the new post-employment DC pensions plan (see chapter 6.5.17.1). See chapter 6.6.8 for the total operating expenses of the group. Operating expenses also include depreciation of the right-of-use assets owned by subsidiaries of € 12 million (2020: € 12 million), see chapter 6.11.3.4.

## 6.11.3.20 Investment income

The investment income of € 51 million (2020: € 98 million) mainly decreased as a result from a decrease in interest income relating to the employee benefits obligation allocated to the Holding.

## 6.11.3.21 Interest expense

The interest expense relates primarily to the interest on subordinated liabilities, interest owed to credit institutions and to the interest on the lease liabilities.

## 6.11.3.22 Auditor's fees

The following fees for the financial years have been charged by KPMG Accountants N.V. to a.s.r., its subsidiaries and other consolidated entities, on an accrual basis.

**Auditor's fee**

| Amounts in € thousand | 2021 | 2020 |
|---|---|---|
| Audit of the financial statements | 5,635 | 4,692 |
| Other audit engagements | 829 | 791 |
| | | |
| **Total audit fees** | **6,464** | **5,483** |

Fees for audit engagements include fees paid for the audit of the consolidated and company financial statements, quarterly reports and other reports.

In the above mentioned years no fees were paid for tax-related advisory services to KPMG Accountants N.V. and no fees were paid to other KPMG networks, other than KPMG Accountants N.V.

## 6.11.3.23 Related parties

A related party is a person or entity that has significant influence over another entity, or has the ability to affect the financial and operating policies of the other party. Parties related to a.s.r. include associates, joint ventures, members of the EB, members of the SB, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other affiliated entity.

The group regularly enters into transactions with related parties during the conduct of its business. These transactions mainly involve loans, deposits and commissions, and are conducted on terms equivalent to those that prevail in arm's length transactions. These disclosures related to these transactions are included in the relevant note in the company financial statements and in the consolidated financial statements (see primarily chapters 6.7.4 and 6.7.9).

The remuneration of the EB and SB members of a.s.r. is disclosed in chapter 6.7.5.

## 6.11.3.24 Contingent liabilities

### Joint and several liability

a.s.r. forms a fiscal unity for corporate income tax and VAT with nearly all of its subsidiaries. The company and its subsidiaries that form part of the fiscal unity are jointly and separately liable for taxation payable by the fiscal entity.

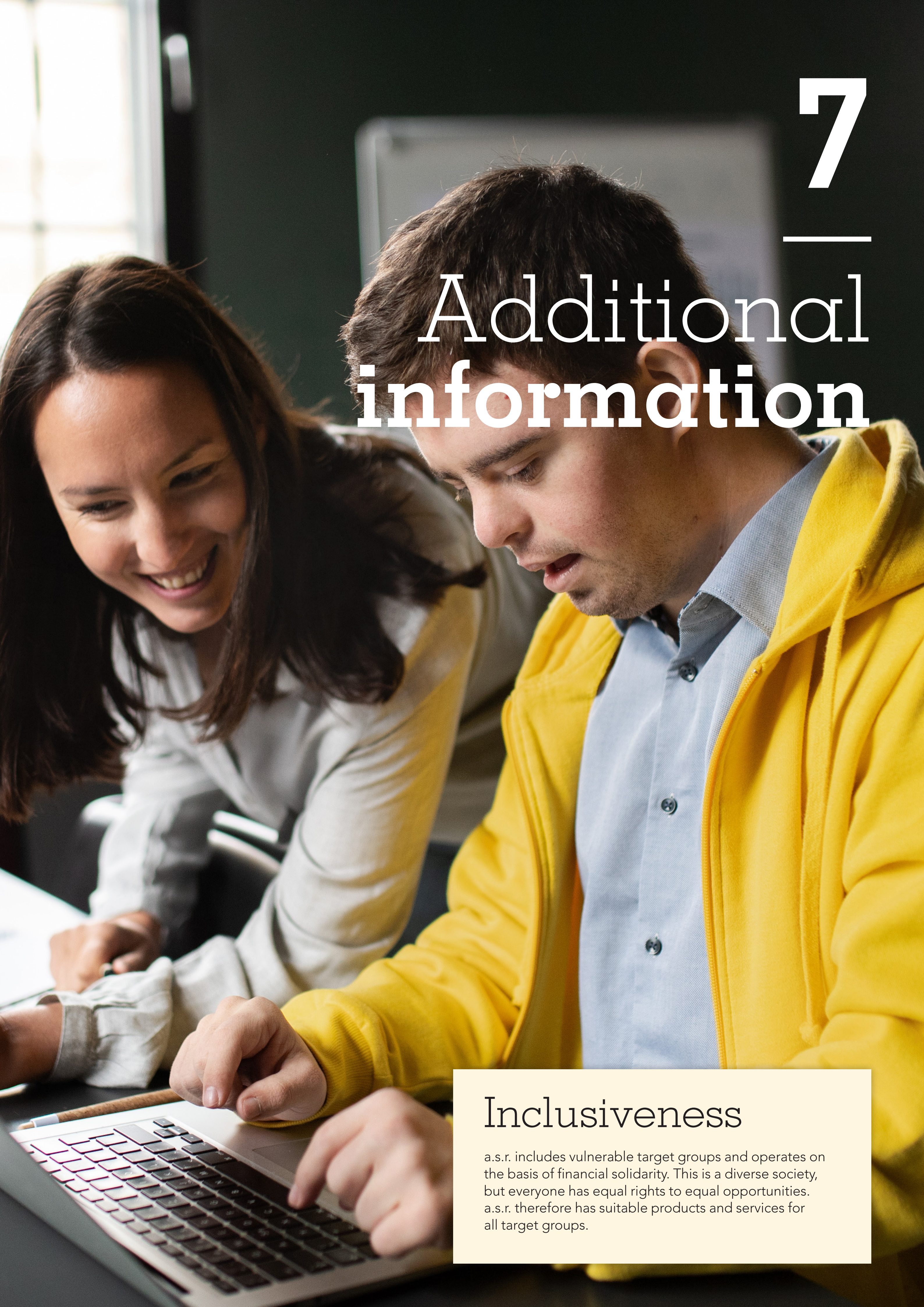
A statement of joint and several liability under section 403, Book 2 of the Dutch Civil Code has been issued by a.s.r. for the companies identified in chapter 6.7.9.

### Investment obligations and guarantees

As in 2020, a.s.r. has issued no guarantees to third parties for real estate development projects.

Utrecht, 22 March 2022

**Executive Board**
Jos Baeten
Ingrid de Swart
Ewout Hollegien
**Supervisory Board**
Joop Wijn
Herman Hintzen
Sonja Barendregt
Gisella van Vollenhoven
Gerard van Olphen



# 7

# Additional **information**

## Inclusiveness

a.s.r. includes vulnerable target groups and operates on the basis of financial solidarity. This is a diverse society, but everyone has equal rights to equal opportunities. a.s.r. therefore has suitable products and services for all target groups.

# Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of ASR Nederland N.V.

## Report on the audit of the financial statements 2021 included in the annual report

### *Our opinion*

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of ASR Nederland N.V. ('the Group' or 'ASR Nederland N.V.') as at 31 December 2021 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### *What we have audited*

We have audited the financial statements 2021 of ASR Nederland N.V. based in Utrecht. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated balance sheet as at 31 December 2021;
2. the following consolidated statements for 2021: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2021;
2. the company income statement for 2021; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

KPMG

## Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of ASR Nederland N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations, climate and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Audit approach

### Summary

| Materiality |
|---|
| Materiality of EUR 40 million, based on average result before tax over the last three years (4%), in line with 2020. |

| Group audit |
|---|
| Audit coverage of 96% of result before tax |
| Audit coverage of 99% of total assets |
| Audit coverage of 95% of equity |

| Going concern |
|---|
| Going concern: no significant going concern risks identified. |

| Fraud/NOCLAR |
|---|
| Fraud & non-compliance with laws and regulations (NOCLAR): we identified management override of controls as presumed fraud risk. |

KPMG

## Climate-related risks

- The Group's strategy related to climate risk has been disclosed in the annual report.
- We considered the impact of climate-related risks on our identification and assessment of risks of material misstatement in the annual accounts.

## Key audit matters

- Valuation of liabilities arising from insurance contracts (including shadow accounting) and Liability Adequacy Test (LAT)
- Valuation of hard-to-value assets
- Unit-linked exposure
- Solvency II disclosure

## Opinion

Unqualified

### *Materiality*

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 40 million (2020: EUR 40 million). The materiality is determined with reference to the average result before tax over the past three years and amounts to approximately 4% (2020: 4%). We consider result before tax as the most appropriate benchmark based on our assessment of the general information needs of users of the financial statements of listed financial institutions predominantly active in the insurance business. We believe that result before tax is a relevant metric for assessment of the financial performance of the Group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit & Risk Committee of the Supervisory Board that uncorrected misstatements in excess of EUR 2 million identified during our audit would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### *Scope of the group audit*

ASR Nederland N.V. is a Dutch insurance company at the head of a group of components. The financial information of this group is included in the financial statements of ASR Nederland N.V.

The Group is structured along five segments: Non-life, Life, Asset Management, Distribution and Services and also Holding and Other, some of which comprising of multiple legal entities. As per 1 April 2021, ASR Nederland N.V. is the new sole owner of Brand New Day Premiepensioen-instelling N.V. (BND PPI). BND PPI is fully consolidated since that date, whereby an additional

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line item relating to liabilities arising from investment contracts is included in the consolidated balance sheet of ASR Nederland N.V.

Because we are ultimately responsible for the audit opinion, we are responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out by component auditors.

In our risk assessment and related scoping, we took into account the potential effects of COVID-19 and the measures taken by the Dutch government and re-evaluated these during the process.

Our group audit mainly focused on significant components. These significant components are either individually financially significant due to their relative size within the Group or because we have assigned a significant risk of material misstatement to one or more account balances of the component. This relates to the following components: ASR Levensverzekering N.V., ASR Schadeverzekering N.V., ASR Basis Ziektekostenverzekeringen N.V. and ASR Vermogens-beheer N.V.

We sent audit instructions to all component auditors, covering significant areas including the relevant risks of material misstatements and set out the information required to be reported to the group audit team. All components in scope for group reporting purposes are audited by KPMG Netherlands, except for BND PPI which has been audited by a non-KPMG member firm.

The group audit team has set component materiality levels, which ranged from EUR 4 million to EUR 34 million, based on the mix of size and risk profile of the components within the Group.

A specific point of attention as a result of COVID-19 was the virtual way of working, and in particular the impact thereof on the audit procedures and the reliability of the audit evidence obtained. For most of 2021, ASR Nederland N.V. employees were working from home. We performed the audit of ASR Nederland N.V. also largely working from home. In view of the COVID-19-related restrictions, we considered modifying the planned audit approach to evaluate the component auditors' communications and the adequacy of their work. We have requested component auditors to provide us with access to audit workpapers to perform the evaluations remotely. In addition, due to the inability to arrange in-person meetings with such component auditors and local management, we have increased the use of virtual meetings.

For all components in the scope of the group audit, we held video calls. During these calls, the planning, risk assessment, procedures performed, findings and observations reported to the group auditor were discussed in more detail and any additional work deemed necessary by the group audit team was then performed. As originally planned for these components, we performed file reviews. However, due to COVID-19, these were performed remotely.

The consolidation of the Group, the disclosures in the financial statements and certain centralized processes and accounting matters are audited by the group audit team. The centralized processes and accounting matters on which the group audit team performed audit procedures include, but are not limited to, assessment of the use of the going concern assumption, acquired and divested companies and businesses, intangible assets including goodwill, equity, employee benefits, operating expenses, other expenses, certain elements of the risk and capital management disclosures, corporate income tax for the fiscal unity, and legal proceedings.

For the residual population not in scope, we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit. Performing the procedures mentioned above at group components, together with additional procedures at group level, enabled us to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

Our procedures as described above can be summarized as follows:

**Result before tax**

| 96% | 0% | 4% |
|---|---|---|
| Audit of the complete reporting package | Audit of specific items | Covered by additional procedures performed at group level |

**Total assets**

| 98% | 1% | 1% |
|---|---|---|
| Audit of the complete reporting package | Audit of specific items | Covered by additional procedures performed at group level |

**Total equity**

| 89% | 6% | 5% |
|---|---|---|
| Audit of the complete reporting package | Audit of specific items | Covered by additional procedures performed at group level |

### Audit response to going concern – no significant going concern risks identified

As explained in chapter 6.1.2. of the annual report, the Executive Board has performed its going concern assessment and has not identified any significant going concern risks. To assess the Executives Board's assessment, we have performed, inter alia, the following procedures:

- We considered the Executive Board's assessment of the going concern risks, including the scenarios in the Own Risk Solvency Assessment (ORSA), including all relevant information of which we are aware as a result of our audit, including the impact of the developments in low interest, inflation and COVID-19 and correspondence with the regulator.
- We analyzed the Group's financial position and Solvency II ratio as at year-end and compared it to internal minimum capital requirements as set by the Executive Board, the previous financial year and sensitivities of the regulatory capital position in terms of indicators that could identify significant going concern risks.
- We evaluated whether the Executive Board's assessment of going concern, including the Solvency II ratio and sensitivities of the regulatory capital position, is adequately disclosed in the risk management paragraph 6.8 of the financial statements.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

### Audit response to the risk of fraud and non-compliance with laws and regulations

In chapters 3.4.3, 4.2, 4.3 and 6.8.7.2 of the annual report, the Executive Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations, and the Supervisory Board reflects on this in chapter 5.2.2.

As part of our audit, we have gained insights into ASR Nederland N.V. and its business environment, and assessed the design and implementation and, where considered appropriate, tested the operating effectiveness of the Group's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Group's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the Executive Board and the Audit & Risk Committee of the Supervisory Board and other relevant functions, such as Internal Audit, Legal, Group Compliance, Group Risk Management and business line CFROs. As part of our audit procedures, we:

- assessed the systematic integrity risk analyses (SIRA) performed by operational risk management in the business units and coordinated by group risk management. All components auditors have inspected the fraud risk assessments locally as part of their own risk assessment;
- assessed other positions held by the Executive Board members and the Business Executive Committee members (BEC) and paid special attention to procedures and governance in view of possible conflicts of interest;
- evaluated internal compliance reports on indications of possible fraud and non-compliance;

— evaluated, with respect to the risk of bribery and corruption, the Group's controls and procedures, such as due diligence procedures on third parties, also taking into account the outcome of the investigations by Compliance and Internal Audit on Customer Due Diligence and Sanction Regulations. We considered the possibility of fraudulent or corrupt payments made through third parties;

— assessed matters reported on the incident register / whistleblowing and complaint procedures within ASR Nederland N.V. and results of management's investigation of such matters;

— inspected correspondence with De Nederlandsche Bank (DNB) and Autoriteit Financiële Markten (AFM); and

— evaluated legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to ASR Nederland N.V.

ASR Nederland N.V. is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an indirect effect:

— Wet op het financieel toezicht (Wft) (including the European Solvency II directives);

— regulation related to financial and economic crime (FEC).

We evaluated, with the support of our forensics specialists, the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

**Management override of controls (a presumed fraud risk)**

— Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively, such as: estimates related to valuation of insurance liabilities, the related liability adequacy test, Solvency II disclosures, and the valuation of hard-to-value assets, particularly the valuation of less liquid Level 3 assets.

— Responses:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks, such as processes related to journal entries and estimates. In case of internal control deficiencies, where we considered there would be an opportunity for fraud, we performed supplemental detailed risk-based testing.

- We performed a data analysis of high-risk journal entries and evaluated key estimates and judgments for bias by ASR Nederland N.V., including retrospective reviews of prior years' estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions against source information.

— We incorporated elements of unpredictability in our audit, for example, by a non-significant component in our group audit approach.

— We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.

We refer to the key audit matters 1, 2 and 4 that provide information of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

We assessed the presumed fraud risk on revenue recognition as irrelevant, as we consider the likelihood remote, given that there is limited perceived pressure on management from sources outside or within the entity to achieve an expected revenue or earnings target and there is limited perceived opportunity to commit fraud.

We communicated our risk assessment, audit responses and results to the Executive Board and the Audit & Risk Committee of the Supervisory Board. Our audit procedures did not reveal indications and/or reasonable suspicions of fraud and non-compliance that are considered material for our audit.

### *Audit response to climate-related risks*

The Executive Board is responsible for preparing the financial statements in accordance with the applicable financial reporting framework, including considering whether the implications from climate-related risks and commitments have been appropriately accounted for and disclosed.

The Executive Board has performed its analysis of the impact of climate-related risks on the Group's business and operations going forward and on its accounting in the 2021 financial statements. We refer to the Group's response in relation to climate change as disclosed in chapter 4.4. of the Management Board report and in note 6.8.7.1. of the financial statements.

The evaluation of the effectiveness of management's strategy against internal or external goals set is not in scope of our audit of the financial statements. As part of our audit, we consider the potential effects of climate-related risks on the accounts and disclosures, including estimates and judgements in the current year's financial statements, to determine whether the financial statements are free from material misstatements. This includes discussion of the Group's strategy in relation to climate change with the Executive Board and those charged with governance and inspecting minutes and external communications for significant climate-related commitments, strategies and plans made by the Executive Board.

## *Our key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Executive Board and the Audit & Risk Committee of the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

COVID-19 has had both an operational and a financial impact on ASR Nederland N.V. As described under scoping of the group audit, it also impacted our way of working with the component auditors and our way of working with ASR Nederland N.V. To the extent relevant, COVID-19 is also reflected in our key audit matters. This specifically relates to the key audit matters for the valuation of liabilities arising from insurance contracts (including shadow accounting) and the Liability Adequacy Test (LAT), the valuation of hard-to-value assets. We have analyzed the impact of COVID-19 on management's accounting estimates.

Compared to last year, the key audit matter with respect to goodwill impairment is not included, as it specifically related to significant impairments made, triggered by Covid-19 in the financial year 2020.

### Valuation of liabilities arising from insurance contracts (including shadow accounting) and Liability Adequacy Test (LAT)

#### Description

ASR Nederland N.V. has liabilities arising from insurance contracts of EUR 52 billion representing 77% of its total liabilities. The valuation of liabilities arising from insurance contracts involves judgement over uncertain future outcomes, mainly the ultimate settlement value of long-term liabilities, both in the liabilities arising from insurance contracts as reported in the balance sheet and in the LAT.

ASR Nederland N.V. applies shadow accounting in its financial reporting as disclosed in note 6.5.15. Shadow accounting is complex, requires judgement regarding results and changes in revaluation reserves in equity that apply for shadow accounting and has a significant impact on the liabilities arising from insurance contracts and equity.

ASR Nederland N.V. performs the LAT in order to confirm that the liabilities arising from insurance contracts, are adequate in the context of the expected future cash flows.

Various economic and non-economic assumptions are being used to estimate these long-term liabilities in the LAT. The assumptions for life contracts used relate mainly to risks regarding interest, mortality, longevity, lapse and expense and for non-life contracts these are interest, disability, recovery rates, mortality, ultimate claims estimation and expenses. Additionally, the valuation of the liabilities arising from insurance contracts is affected by and sensitive to government regulations, in particular regarding the claims from workers' compensations insurance (WGA-ER) and in the healthcare insurance domain.

ASR Nederland N.V. has based the LAT on Solvency II guidance. This includes the application of the Solvency II discount rate including the UFR that has a significant impact on the LAT as disclosed in note 6.5.15.1.

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Given the financial significance, the level of complexity and the level of judgement required, we considered the valuation of the liabilities arising from insurance contracts including shadow accounting and the LAT a key audit matter.

### Our response

Our audit approach included testing the design and implementation of internal controls around the valuation of the liabilities arising from insurance contracts (including shadow accounting) and the LAT, as well as substantive audit procedures.

Our procedures over internal controls focused on controls around the adequacy of data, the governance and controls around assumption setting, validation and implementation of models and the review procedures performed on the LAT by the second line actuarial department.

With the assistance of our own actuarial specialists, the substantive audit procedures we performed included:

- assessment of the appropriateness of assumptions used in the valuation of the liabilities arising from insurance contracts by reference to company and industry data and expectations of future investment returns, future longevity, disability, claims development, recovery rate assumptions and expense developments. We performed specific procedures in response to the impact of COVID-19 on estimates for the Non-Life and Health insurance contracts and the change in accounting estimate for the IBNR for disability for certain pension products;
- assessment of the appropriateness of the data, assumptions and methodologies applied in the LAT. We performed specific procedures in response to the changes in experience adjustments on these mortality data, the change in the inflation assumption (which became more important in 2021) and the impact of COVID-19 on the assumption setting;
- analysis of developments in actuarial results (which includes retrospective review by comparing the expected cashflows in the prior year estimate with current-year actuals) and movements in the liabilities arising from insurance contracts and the LAT during the year for each of the insurance entities and corroborative inquiries with management and the second line actuarial department in that regard;
- testing of the eligibility of investments and the (un)realized results on the investments for shadow accounting. Furthermore, we tested the application of shadow accounting by inspecting the reconciliations of the (un)realized results of the investments with the investment administration, assessing the calculation and the accounting of the related shadow accounting adjustment in the liabilities arising from insurance contracts;
- assessing of the adequacy of the disclosures.

### Our observation

Overall, we found management’s assumptions reasonable and the valuation of the liabilities arising from insurance contracts acceptable.

We determined that the Group applied shadow accounting (including the accounting for realized results) in accordance with its accounting policy.

We also found the notes on the liabilities arising from insurance contracts in note 6.3.4, 6.5.15 and 6.5.17.1 (in relation to the overlay interest hedging strategy and impact on shadow accounting for the own pension plan) to be adequate.

## Valuation of hard-to-value assets

### Description

ASR Nederland N.V. invests in various categories of investments, of which 86% (2020: 91%) are carried at fair value in the balance sheet. These consist of financial assets and liabilities measured at fair value as disclosed in note 6.7.1.1 and property as disclosed in note 6.7.1.3. Additionally, the fair value of investments not carried at fair value are separately disclosed in note 6.7.1.2. The fair values are relevant for the Solvency II Own Funds.

28% (2020: 23%) of the fair value of the investments are classified as Level 3 investments (fair value not based on observable market data).

Fair value measurement, especially the valuation of less liquid Level 3 assets, can be subjective and involves management judgement in relation to valuation techniques and assumptions. For these illiquid investments, estimation uncertainty can be high, especially since the outbreak of COVID-19 with increased market volatility for certain asset classes and in particular for property investments, real estate equity funds and mortgage equity funds. We also paid specific attention to the valuation of the mortgage portfolio.

Given the financial significance and the increased level of judgement required, we considered the valuation of hard-to-value assets a key audit matter.

### Our response

With the assistance of our valuation specialists, we performed the following procedures:

- assessment of ASR Nederland N.V.'s governance, processes and design and implementation of internal controls with respect to the valuation of hard to value assets;
- assessment of valuation models used and the (internal) validation thereof, for the determination of the fair value of the mortgage portfolio;
- assessment of management's response to the COVID-19-related increased valuation uncertainty for property investments, real estate equity funds and mortgage equity funds;
- inspection of documentation and held discussions with management's internal and external experts regarding their judgements and resulting valuations;
- we carried out a retrospective review of prior-year estimates, e.g. by reconciliation of valuations to financial statements of investments or comparison to sales results;
- we performed substantive audit procedures on selected high-risk property investments. This selection is based on the relative size of the objects within their respective asset class, development of the fair value in the year and was aimed at an appropriate spread over regions and appraisers specifically for the rural investments. We discussed and challenged the assumptions and models used by the external appraisers. We tested their assumptions

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of discount rates and gross investment yields against available market data and object specific underlying data such as (market) rent levels, occupancy rates and contract renewals;
- we challenged management's valuation of real estate equity funds and mortgage equity funds by reviewing the documentation provided by the external fund managers and we compared the movements in valuations with available external market data;
- we performed audit procedures on the fair value of the mortgage portfolio. We tested the source data and determined an acceptable fair value range for the mortgage portfolio;
- assessing of the adequacy of the disclosures. This includes notes 6.7.1.1, 6.7.1.2 and 6.7.1.3 on fair value measurement and the market risk disclosure in note 6.8.3 as this note includes sensitivity analysis on the valuation uncertainties that exist on 31 December 2021.

### Our observation

We found management's assumptions for the valuation of hard-to-value assets (property investments, real estate equity funds, mortgage equity funds and the mortgage portfolio) reasonable and the valuation acceptable. We also found the fair value and property disclosures to be adequate.

## Unit-linked exposure

### Description

Holders of unit-linked products sold in the Netherlands, or consumer protection organizations on their behalf, have filed claims or initiated legal proceedings against ASR Nederland N.V. and may continue to do so. A negative outcome of such claims and proceedings, settlements or any other actions to the benefit of the customers by other insurers or sector-wide measures, may affect the (legal) position of ASR Nederland N.V. and could result in substantial financial losses for the Group relating to the compensation. Management assessed the financial consequences of these legal proceedings under both the EU-IFRS and the Solvency II reporting framework and concluded that these cannot be reliably measured, estimated and/or quantified at this point. We refer to note 6.7.7.2.

Due to the potential significance and management judgement that is required to assess the developments relevant to these claims and proceedings, we considered this a key audit matter.

### Our response

Our audit procedures primarily consisted of the following:

- assessment of ASR Nederland N.V.'s governance, processes and design and implementation of internal controls with respect to the unit-linked exposure;
- inspection of the legal and complaints documentation and inquiries about the unit-linked exposures with management and head of legal. These procedures took into account ASR

Nederland N.V.'s specific developments as well as broader market developments, including verdicts issued in 2021 and up to the date of this audit opinion;

- obtaining a legal letter of the external lawyer that is engaged by ASR Nederland N.V. in relation to the defense in the so-called collective cases (Woekerpolis.nl, Consumentenbond and Wakkerpolis). We assessed the professional competency, capability and objectivity of this external lawyer. We used the lawyer's letter to obtain external confirmation of management's judgements regarding the related (collective) exposures;
- assessment of the recognition and measurement requirements to establish provisions under ASR Nederland N.V.'s EU-IFRS accounting principles and the Solvency II framework for the calculation of the Solvency II ratio;
- evaluation of the unit-linked disclosure in note 6.7.7.2 Unit Linked Products (beleggings-verzekeringen) of the financial statements, where we focused on adequacy of the disclosure of the related risks and management's judgements.

### Our observation

Overall, we found management's assessment that the financial consequences of unit-linked exposure cannot be reliably measured and therefore no provision is recognized in the 31 December 2021 balance sheet (for both EU-IFRS and Solvency II), to be sufficiently substantiated.

We considered the disclosure of the exposure in note 6.7.7.2, which describes the related risks and management judgements in compliance with the relevant accounting requirements, to be adequate.

## Solvency II disclosure

### Description

Solvency II information is considered to be an important addition to the information provided on an EU-IFRS basis. The Own Funds and Solvency Capital Requirement (SCR) are the main metrics of the Solvency II prudential reporting framework. The determination of the Solvency II ratio as well as the disclosed sensitivity of the Solvency II ratio is complex and highly judgemental and is based on assumptions which are affected by (future) economic, demographic and regulatory conditions. The assumptions used relate to risks regarding interest, mortality, longevity, morbidity, catastrophe, lapse and expense as well as the diversification between these risks. The calculations also take into consideration taxation after shock (loss absorbing capacity of deferred tax).

Disclosure of the determination of the metrics, changes in the models and assumptions (including the use of the Volatility Adjustment and Ultimate Forward Rate) as well as the sensitivity applied are considered relevant information for understanding the Solvency II metrics.

Given the importance of this legislation for ASR Nederland N.V. and complexity of the application and estimates to determine the Solvency II ratio, we determined the reliability and adequacy of the Solvency II disclosure to be a key audit matter.

### Our response

We obtained an understanding of the ASR Nederland N.V.’s application and implementation of the Solvency II directive. In designing our audit approach we have set a separate materiality for the audit of the Solvency II capital position. The materiality level applied is EUR 75 million.

We have assessed the design and implementation of the internal controls over the Solvency II calculations, including the model validation and assumption approval processes and management review controls.

These internal controls covered, among other things:

- whether the calculations of the Best Estimate Liability (BEL), Own Funds and SCR were accurate and prepared in accordance with the Solvency II directive;
- the appropriateness of economic and non-economic assumptions used for the calculations of the BEL, Own Funds and SCR, based on market observable data, company and industry data, comparison of judgements made to current and emerging market practice;
- the adequacy of the quantitative and qualitative disclosures including disclosure on interpretation of legislation and related uncertainty. In this context we also tested the design and implementation of internal controls over the preparation of the Solvency II sensitivity disclosures;
- the functioning of the Solvency II key functions on risk management and actuarial function. In this context we performed corroborative inquiry with the Actuarial Function Holder and Risk Management Function Holder on their reports. This includes the Actuarial Function Holder reports 2021, which set out conclusions on the reliability and adequacy of the technical provisions as at 31 December 2021 under Solvency II.

Based on the outcome of our assessment of the effectiveness of the internal controls, we performed, among other things, the following substantive procedures:

- verifying the accuracy of the calculations of the BEL to determine Own Funds for selected balance sheet items, using our own actuarial specialists;
- assessing the appropriateness of evidence used and judgement applied in assumption setting for both the BEL and the SCR. This included the evaluation of the substantiation of the loss-absorbing capacity of deferred tax. We performed procedures to verify that these calculations correctly took into account changes in the EIOPA legislation that is adopted by the European Commission and fiscal regulations that were enacted in 2021;
- verifying the consolidation of the Solvency II reporting by the Group’s components, taking into account the Solvency II-specific requirements for consolidation that deviate from EU-IFRS;
- analyzing the outcome of the internally prepared calculations and analysis of the movements in the Solvency II capital position during the year and sensitivities as at 31 December 2021 and discussing the outcome with the Group’s actuaries;

- verifying the reconciliation between the IFRS equity to the Solvency II Own Funds. This includes reconciliation of input used for Own Funds with other fair value disclosures in the financial statements. Furthermore, this includes the assessment of the accounting for foreseeable dividends under Solvency II which differs from IFRS;
- verifying that the Solvency II disclosure refers to the fact that the Solvency II ratio is not final until filed with the regulator, DNB. We refer to note 6.9.2.

**Our observation**

Overall, we found that the calculations of the Solvency II Own Funds and SCR in the risk and capital management disclosures are acceptable in the context of the financial statements. We refer to notes 6.8 and 6.9 of the financial statements.

## Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements and ESEF

### *Engagement*

We were engaged by the General Meeting of Shareholders as auditor of ASR Nederland N.V. on 22 May 2019, as of the audit for the year 2020 and have operated as statutory auditor ever since that financial year.

### *No prohibited non-audit services*

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

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### European Single Electronic Format (ESEF)

ASR Nederland N.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (these requirements are hereinafter referred to as: the RTS on ESEF).

In our opinion, the annual report prepared in the XHTML format, including the partially tagged consolidated financial statements as included in the reporting package by ASR Nederland N.V., has been prepared in all material respects in accordance with the RTS on ESEF.

The Executive Board is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package is in accordance with the RTS on ESEF.

Our procedures taking into consideration Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required tagging has been applied and whether it is in accordance with the RTS on ESEF.

## Description of responsibilities regarding the financial statements

### Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Executive Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the ASR Nederland N.V.’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements  going concern basis of accounting unless the Executive Board either intends to liquidate the ASR Nederland N.V.'s or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Group's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the ASR Nederland N.V.'s financial reporting process.

### *Our responsibilities for the audit of the financial statements*

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at http://www.nba.nl/ENG_oob_01. This description forms part of our auditor's report.

Utrecht, 22 March 2022

KPMG Accountants N.V.

A.J.H. Reijns RA

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# Assurance report of the independent auditor

To: the General Meeting of Shareholders and the Supervisory Board of ASR Nederland N.V.

## Our opinion and conclusion

We have:

— audited the data for the Net Promoter Score, Impact investing, Percentage of portfolio for own account for which the carbon footprint is measured, employee contribution to local society and 23, new in 2021 by management selected, HR related indicators which are specifically indicated as part of reasonable assurance in the notes of chapter '7.5 Facts and figures' (hereafter: 'the Non-financial KPIs'); and
— reviewed the non- financial information in the chapters '1 About a.s.r.', '2 Operating environment', '3 Sustainable value creation', '4.1 Group and segment performance', '4.5 Climate change' and '7.5 Facts and figures' to '7.11 TCFD recommended disclosures' (hereafter: 'the Non-financial information')

included in the 2021 Annual Report (hereafter: 'the Report') of ASR Nederland N.V. (hereafter: 'a.s.r.') based in Utrecht, the Netherlands.

An audit is aimed at obtaining reasonable level of assurance. A review is aimed at obtaining a limited level of assurance.

In our opinion the Non-financial KPIs and the Non-financial information are prepared, in all material respects, in accordance with the reporting criteria as described in the chapters '7.6 About this report' and '7.7 Glossary' of the Report.

Furthermore, based on our procedures performed, nothing has come to our attention that causes us to believe that the Non-financial KPIs and the Non-financial information are not prepared, in all material respects, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative ('GRI') and supplemental reporting criteria as described in the chapters '7.6 About this report' and '7.7 Glossary' of the Report.

## Basis for our opinion and conclusion

We have performed our audit of the Non-financial KPIs and review of the Non-financial information in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities in this regard are further described in the section 'Our responsibilities' of our report.

We are independent of a.s.r. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Non-financial KPIs and our conclusion about the Non-financial information.

### Reporting criteria

The Non-financial KPIs and the Non-financial information need to be read and understood together with the reporting criteria. a.s.r. is solely responsible for selecting and applying these reporting criteria, taking into account applicable laws and regulations related to reporting.

The reporting criteria used for the preparation of the Non-financial KPIs and the Non-financial information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the supplemental reporting criteria as disclosed in the chapters ‘7.6: About this report’ and ‘7.7: Glossary’ of the Report.

### Limitations to the scope of our review

The Non-financial information includes prospective information such as ambitions, strategy, plans, expectations and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Non-financial information.

The references to external sources or websites in the Non-financial information are not part of the Report as reviewed by us. Therefore, we do not provide assurance on this information.

### Responsibilities of the Executive Board and the Supervisory Board

The Executive Board of a.s.r. is responsible for the preparation of the Non-financial KPIs and the Non-financial information in accordance with the reporting criteria as included in the section ‘Reporting criteria’ of our report, including the identification of stakeholders and the definition of material matters. The choices made by Executive Board of a.s.r. regarding the scope of the Report and the reporting policy are summarized in the chapters 7.6, 7.7, 7.9, and 7.10 of the Report.

Furthermore, the Executive Board is also responsible for such internal control as it determines is necessary to enable the preparation of the Non-financial KPIs and the Non-financial information are free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of a.s.r.

### Auditor’s responsibilities

Our responsibility is to plan and perform our audit and review in a manner that allows us to obtain sufficient and appropriate evidence for our opinion and conclusion.

Our audit on the Non-financial KPIs has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material misstatements, whether due to fraud or error.

Our procedures to obtain the limited level of assurance for the Non-financial information, vary in nature and timing from, and are less in extent, than procedures performed for a reasonable assurance engagement. These procedures are mainly aimed to determine the plausibility of information. The level of assurance obtained in review engagements with a limited level of assurance is therefore substantially less than the assurance obtained in audit engagements.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this information. The materiality affects the nature, timing and extent of our assurance procedures and the evaluation of the effect of identified misstatements on our opinion.

We apply the ‘Nadere voorschriften kwaliteitssystemen’ (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional skepticism throughout the assurance engagement, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our assurance procedures for the Non-financial KPIs and the Non-financial information included among others:

- performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of a.s.r.;
- evaluating the appropriateness of the reporting criteria used and their consistent application. This includes the evaluation of the results of the stakeholders’ dialogue and the reasonableness of estimates made by management;
- obtaining an understanding of the reporting processes for the Non-financial KPIs and information, including obtaining a general understanding of internal control;
- identifying areas of the Non-financial KPIs and the Non-financial information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error;
- designing and performing further assurance procedures aimed at determining the plausibility of the Non-financial KPIs and Non-financial information responsive to this risk analysis. These procedures included among others:
  - interviewing management and relevant staff at corporate level responsible for the non-financial strategy, policy and results;
  - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the Non-financial KPIs and Non-financial information;

- obtaining assurance information that the Non-financial KPIs and Non-financial information reconciles with underlying records of a.s.r.;
  - reviewing, on a limited test basis, relevant internal and external documentation;
  - performing an analytical review of the data and trends.

- evaluating the consistency of the Non-financial KPIs and the Non-financial information with the information in the Report which is not included in the scope of our review;
- evaluating the overall presentation, structure and content of the Non-financial KPIs and the Non-financial information;
- evaluating whether the Non-financial information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

Additionally, our audit of the Non-financial KPIs included, on top of the above, among others the following procedures:

- obtaining an understanding of internal control relevant to the examination in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of a.s.r.'s internal control;
- testing the design, implementation and operating effectiveness of internal controls for the Non-financial KPIs;
- designing and performing further assurance procedures on the data supporting the Non-financial KPIs, such as sampling and validating data with appropriate supporting evidence.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the review and audit, significant findings that we identify during our review and/or audit.

Utrecht, 22 March 2022

KPMG Accountants N.V.

A.J.H. Reijns RA

# 7.3 **Provisions** of the Articles of Association regarding profit appropriation

Articles 35, 36 and 37 of the Articles of Association:

## Distributions – General
**Article 35**

35.1 A distribution can only be made to the extent that the Company's equity exceeds the Non-Distributable Equity

35.2 The Executive Board (EB) may resolve to make interim distributions, provided that it appears from interim accounts to be prepared in accordance with Section 2:105(4) of the Dutch Civil Code that the requirement referred to in Article 35.1 has been met and, if it concerns an interim distribution of profits, taking into account the order of priority described in Article 37.1.

35.3 Subject to Article 19.10, the EB may adopt, and amend from time to time, a dividend and reservation policy for the Company. Amendments to such a policy shall be discussed in the General Meeting.

35.4 The preferred shares do not carry any entitlement to distributions other than as described in Articles 12.2, 37.1 and 38.3.

35.5 Distributions on ordinary shares shall be made in proportion to the aggregate nominal value of those ordinary shares. Distributions on preferred shares (or to the former holders of preferred shares) shall be paid in proportion to the amounts paid up (or formerly paid up) on those preferred shares.

35.6 The parties entitled to a distribution shall be the relevant shareholders, usufructuaries and pledgees, as the case may be, at a date to be determined by the EB for that purpose. This date shall not be earlier than the date on which the distribution was announced.

35.7 The General Meeting may resolve, subject to Article 31.1, that all or part of such a distribution, instead of being made in cash, shall be made in the form of shares in the Company's capital or in the form of the Company's assets.

35.8 A distribution shall be payable no later than thirty days after the date on which such distribution was declared, unless the EB sets a different date. If it concerns a distribution in cash, such distribution shall be payable in such currency as determined by the EB.

35.9 A claim for payment of a distribution shall lapse after five years have expired after the distribution was declared.

35.10 For the purpose of calculating any distribution, shares held by the Company in its own capital shall not be taken into account. No distribution shall be made to the Company in respect of shares held by it.

## Distributions – Reserves
**Article 36**

36.1 All reserves maintained by the Company shall be attached exclusively to the ordinary shares. The Company shall not attach any reserve to the preferred shares.

36.2 Subject to Article 31.1, the General Meeting is authorised to resolve to make a distribution from the Company's reserves.

36.3 Without prejudice to Articles 36.4 and 37.2, distributions from a reserve shall be made exclusively to the holders of ordinary shares.

36.4 The EB may resolve to charge amounts to be paid up on any class of shares against the Company's reserves, irrespective of whether those shares are issued to existing shareholders.

## Distributions – Profits
**Article 37**

37.1 Subject to Article 35.1, the profits shown in the Company's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:

a. To the extent that any preferred shares have been cancelled without the payment described in Article 12.2 paragraph b. having been made in full on those preferred shares and without any such deficit subsequently having been paid in full as described in this Article 37.1 or Article 37.2, any such deficit shall be paid to those who held those preferred shares immediately before such cancellation became effective;
b. To the extent that any Preferred Distribution (or part thereof) in relation to previous financial years has not yet been paid in full as described in this Article 37.1 or Article 37.2, any such deficit shall be paid on the preferred shares;
c. The Preferred Distribution shall be paid on the preferred shares in respect of the financial year to which the annual accounts pertain;
d. Subject to Article 19.10, the EB shall determine which part of the remaining profits shall be added to the Company's reserves; and
e. Any remaining profits shall be at the disposal of the General Meeting for distribution to the holders of ordinary shares

37.2 To the extent that the distributions described in Article 37.1 paragraphs a. through c. (or any part thereof) cannot be paid out of the profits shown in the annual accounts, the deficit shall be paid out of the Company's reserves, subject to Articles 35.1 and 35.2.

37.3 Without prejudice to Article 35.1, a distribution of profits shall be made only after the adoption of the annual accounts that show that such distribution is allowed.

# 7.4 **Report** of the Stichting Continuïteit ASR Nederland

*For information purposes only.*

Stichting Continuïteit ASR Nederland (the Foundation) was established on 26 May 2016. The Foundation has been established under Dutch law. Its objectives are to promote and protect the interests of a.s.r., its business and its stakeholders, and to counter possible influences that might threaten the continuity, independence, strategy and / or identity of a.s.r. or its business to such an extent that these could be considered contrary to the aforementioned interests.

a.s.r. has granted a call option to the Foundation under an agreement dated 27 May 2016; this agreement outlines the conditions under which the call option can be exercised. The call option is a continuous and repeatedly exercisable right, pursuant to which the Foundation is entitled to subscribe for preference shares, up to the lower of (a) the total number of shares that form a.s.r.'s issued capital at the time when the call option is exercised, less the number of preference shares already held by the Foundation at that time (if any) and less one, or (b) the maximum number of preference shares that may be issued under the authorised share capital as shown by the Articles of Association of a.s.r. at the time when the call option is exercised. The Foundation has the right to exercise the call option at any time, either fully or in part. The exercise price for preference shares issuable under the call option is equal to 25% of the nominal amount of those preference shares.

The call option is continuous in nature and can be exercised repeatedly and on more than one occasion, each time that the Foundation considers, or reasonably expects, there to be an act that is, in the opinion of the Foundation, materially contrary to the interests of a.s.r., its business or its stakeholders, which may include the following (to the extent materially contrary to the aforementioned interests), (i) the announcement of a public offer for shares in the capital of a.s.r., or the legitimate expectation that such a public offer will be announced, without agreement on the offer having been reached with a.s.r. or the offer being supported by a.s.r., and (ii) an activist shareholder (or group of activist shareholders acting in concert) in a.s.r. directly or indirectly representing at least 25% of the ordinary shares forming part of a.s.r.'s issued share capital.

Ultimately after the Foundation has held preference shares for a period of 20 months (or for such longer period as the Foundation deems appropriate given the facts and circumstances at hand), the Foundation may request, by means of a notice to that effect, that a.s.r. considers submitting, as soon as practicable, a proposal to the General Meeting for a resolution to cancel all preference shares. a.s.r. is free to propose such a resolution without this being requested by the Foundation if non-cancellation of the preference shares in a timely manner were to result in the Foundation being required to make a mandatory public offer in respect of a.s.r. In addition, if and when a.s.r. has issued preference shares to the Foundation, a.s.r. will convene a General Meeting, to be held within 20 months following such issuance, for the purpose of adopting a resolution on the cancellation of all such preference shares.

The Foundation has not exercised the call option and did not acquire any preference shares during the year under review.

The Foundation has an independent board. The membership of the Board of the Foundation is as follows:
- Mr H.J. Hazewinkel (chair);
- Mr A.A.M. Deterink;
- Ms M.E. Groothuis.

The Board of the Foundation had two online calls in 2021. The matters discussed included the full-year 2020 results of a.s.r., the execution of a.s.r.'s strategy, the financing of a.s.r., acquisitions and divestments made by a.s.r., changes in the Executive Board (EB) of a.s.r., the impact that COVID-19 has had on a.s.r., other developments in the markets in which a.s.r. operates and the general course of affairs at a.s.r. At these meetings, a representative of the EB of a.s.r. provided the Board of the Foundation with information on the developments within a.s.r. and the relationship with its stakeholders. The Board of the Foundation also monitored the developments of a.s.r. outside of its Board meetings, for instance through occasional contacts with the EB and the receipt of press releases issued by a.s.r.

The Foundation is an independent legal entity for the purpose of Section 5:71(1)(c) of the Dutch Financial Markets Supervision Act.

Utrecht, the Netherlands, 22 March 2022

Stichting Continuïteit ASR Nederland
Mr H.J. Hazewinkel (chair)
Mr A.A.M. Deterink
Ms M.E. Groothuis

# 7.5 Facts and figures

## Financial indicators

### Key figures

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Operating result (€ million) | 1,021 | 885 | 858 | 749 | 728 |
| IFRS net result (€ million) | 942 | 657 | 972 | 669 | 906 |
| Operating return on equity (%) | 16.3 | 15.3 | 15.1 | 14.3 | 16.0 |
| IFRS return on equity (%) | 15.3 | 11.7 | 19.1 | 13.7 | 21.2 |
| Solvency II ratio (standard formula) (%) | 196 | 199 | 194 | 197 | 196 |
| Dividend per share (€) | 2.42 | 2.04 | 1.90 | 1.74 | 1.63 |
| Total dividend (€ million) | 329 | 282 | 267 | 245 | 230 |
| Share buyback (€ million) | 75 | 75 | 13 | - | - |
| Total equity (€ million) | 7,385 | 6,313 | 6,093 | 5,479 | 5,432 |
| Total equity attributable to shareholders (€ million) | 6,363 | 5,309 | 5,089 | 4,478 | 4,432 |
| Gross written premiums (€ million) | 5,859 | 5,276 | 4,666 | 4,459 | 3,920 |
| New business Life segment (APE) (€ million) | 151 | 124 | 159 | 119 | 89 |
| Operating expenses (€ million) | -725 | -701 | - 656 | - 601 | - 571 |
| Combined ratio (Non-life segment) (%) | 91.8 | 93.6 | 93.5 | 95.7 | 95.1 |
| Credit rating (S&P) | A | A | A | A | A |
| Financial leverage (%) | 24.8 | 28.3 | 29.2 | 26.7 | 25.3 |
| Organic capital creation (€ million) | 594 | 500 | 501[1] | 372 | 377 |
| Interest coverage ratio (x) | 13.8 | 9.5 | 12.9 | 10.9 | 15.6 |

## Customer-related indicators

### Net Promoter Score (NPS-c)

| -100 to +100 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| **a.s.r.** | **49**[2] | **49** | **44** | **42** | **38** |
| P&C | 59 | 58 | 51 | 47 | 45 |
| Disability (incl. Loyalis) | 60 | 58 | 46 | 45 | 42 |
| Health | 49 | 49 | 43 | 39 | 37 |
| Pensions | 52 | 56 | 52 | 47 | 41 |
| Individual life | 38 | 40 | 42 | 37 | 34 |
| Funeral | 47 | 47 | 40 | 41 | 41 |
| Mortgages | 43 | 40 | NA | NA | NA |

### Complaints settled

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Upheld | 3,482 | 3,306 | 3,213 | 2,935 | 2,924 |
| Rejected | 2,348 | 2,082 | 2,163 | 2,092 | 2,103 |
| **Total complaints settled** | **5,830** | **5,388** | **5,376** | **5,027** | **5,027** |

1 Restated based on new definition.
2 This indicator has been part of reasonable assurance.

#### Complaints handled

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Yes, fully | 1,600 | 1,431 | 1,322 | 1,148 | 1,148 |
| No, not fully but follow-up is clear to me | 314 | 250 | 292 | 238 | 295 |
| No, not fully and the follow-up is unclear to me | 126 | 107 | 103 | 104 | 108 |
| **Total complaints handled** | **2,040** | **1,788** | **1,717** | **1,490** | **1,551** |

#### Incidents lack of integrity

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Employees | 5 | 4 | 9 | 14 | 17 |
| Advisors and suppliers | 50 | 45 | 32 | 21 | 32 |
| **Total incidents lack of integrity** | **55** | **49** | **41** | **35** | **49** |

#### Violations measures taken

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Address behaviour | 1 | 3 | 4 | 1 | 5 |
| Written warning | 3 | 1 | 1 | 10 | 8 |
| Dismissal | 1 | - | 4 | 3 | 4 |

#### Complaints relating to customer privacy

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Complaints received from third parties | 91 | 89 | 58 | 85 | 58 |
| Complaints received from regulatory bodies[1] | 3 | 2 | - | 2 | 1 |

#### Data leaks

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Notifications of data leaks to the Dutch Data Protection Authority | 51 | 14 | 19 | 58 | 38 |

## Human Resources indicators

#### FTEs

| In numbers as at 31 December | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Non-life | 1,508 | 1,524 | 1,460 | 1,319 | 1,247 |
| Life | 493 | 464 | 460 | 443 | 454 |
| Asset Management | 363 | 347 | 330 | 339 | 344 |
| Distribution and Services | 706 | 680 | 573 | 503 | 426 |
| Holding and Other | 1,086 | 1,027 | 1,084 | 1,079 | 1,023 |
| **Total full-time equivalents internal** | **4,155** | **4,042** | **3,906** | **3,683** | **3,493** |
| | | | | | |
| % of all a.s.r. employees working from the Utrecht location (FTE) | 92% | 91% | 90% | 95% | 96% |

1 The complaints received from regulatory bodies are also included in the figure reported for complaints received from third parties.

The external auditor performed a review of the HR related indicators in this Annual Report, all HR related indicators were audited with a reasonable level of assurance. The data below is excluding VKG, Dutch ID (Felison and Boval), Corins, SuperGarant, ANAC and Poliservice.

## Part-time employees

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Female | 1,151 | 1,069 | 949 | 925 | 885 |
| Male | 576 | 520 | 449 | 530 | 514 |
| **Total number of part-time employees** | **1,727** | **1,589** | **1,398** | **1,455** | **1,399** |

## Full-time employees

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Female | 514 | 479 | 510 | 409 | 369 |
| Male | 1,623 | 1,618 | 1,675 | 1,544 | 1,527 |
| **Total number of full-time employees** | **2,137** | **2,097** | **2,185** | **1,953** | **1,896** |

## Contracts of indefinite duration

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Female | 1,460 | 1,363 | 1,303 | 1,210 | 1,183 |
| Male | 1,994 | 1,949 | 1,970 | 1,952 | 1,908 |
| **Total number of indefinite duration contracts** | **3,454** | **3,312** | **3,273** | **3,162** | **3,091** |

## Contracts of definite duration

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Female | 205 | 185 | 156 | 124 | 98 |
| Male | 205 | 189 | 154 | 122 | 133 |
| **Total number of definite duration contracts** | **410** | **374** | **310** | **246** | **231** |

## Gross average wages split by gender (gross hourly wages)

| | 31 December 2021 | | 31 December 2020 | | 31 December 2019 | | 31 December 2018 | | 31 December 2017 | |
|---|---|---|---|---|---|---|---|---|---|---|
| In € | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male |
| Executive Board[1] | 296 | 313 | 277 | 337[2] | 269 | 288 | 191 | 223 | 148 | 172 |
| Senior management | 118 | 115 | 107 | 106 | 101 | 101 | 91 | 98 | 87 | 93 |
| Management excluding sr. and jr. management | 57 | 63 | 57 | 61 | 55 | 59 | 54 | 56 | 54 | 55 |
| Junior management | 37 | 38 | 35 | 37 | 34 | 35 | 32 | 36 | NA | NA |
| Other employees | 25 | 28 | 24 | 28 | 23 | 27 | 22 | 26 | 22 | 25 |

## Employee compensation

| In € million | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Salaries and wages | 292 | 273 | 257 | 248 | 234 |

1 The figures for the EB include CEO's compensation.
2 Excluding CEO's compensation, the male average hourly wage of the EB would not be applicable as a.s.r. does not have male EB members.

## Pay ratio[1]

| | 2021 | 2020[2] | 2020 (reported) | 2019 |
|---|---|---|---|---|
| Annual total compensation for the highest-paid individual (€)[3] | 1,108,000 | 1,420,000 | 824,000 | 1,145,000 |
| Average annual total compensation for all employees (€) | 100,000 | 102,000 | 62,000 | 98,000 |
| Pay ratio (%) | 11.03 | 13.85 | 13.29 | 11.70 |

## Average years of service

| In years | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Female | 11.8 | 12.2 | 12.7 | 13.1 | 13.5 |
| Male | 14.8 | 15.8 | 16.4 | 16.6 | 16.5 |
| **Difference** | **3.0** | **3.6** | **3.7** | **3.5** | **3.0** |

## Breakdown gender diversity

| In % (female / male) | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Supervisory Board | 40 / 60 | 33 / 67 | 33 / 67 | 40 / 60 | 25 / 75 |
| Executive Board | 33 / 67 | 67 / 33 | 33 / 67 | 25 / 75 | 25 / 75 |
| Senior management | 25 / 75 | 28 / 72 | 25 / 75 | 29 / 71 | 27 / 73 |
| Management excluding sr. and jr. management | 23 / 77 | 22 / 78 | 21 / 79 | 20 / 80 | 18 / 82 |
| Junior management | 37 / 63 | 34 / 66 | 35 / 65 | 31 / 69 | 30 / 70 |
| Other employees | 44 / 56 | 43 / 57 | 42 / 58 | 40 / 60 | 40 / 60 |
| Total employees | 43 / 57 | 42 / 58 | 41 / 59 | 39 / 61 | 39 / 61 |

1 In 2021, the calculation method of the pay ratio was changed in accordance with the Dutch Corporate Governance Code. The new calculation method is based on: i) The total annual remuneration of the CEO includes all remuneration components (such as fixed remuneration, variable remuneration in cash (bonus), the share-based part of the remuneration, social contributions, pension, expense allowance, etc.), as included in the (consolidated) financial statements on an IFRS basis. ii) The average annual remuneration of the employees is determined by dividing the total wage costs in the financial year (as included in the (consolidated) financial statements on an IFRS basis) by the average number of FTEs during the financial year. iii) Pro rato must be taken into account when hiring external employees, insofar as they are hired for at least three months during the financial year.

2 The pay-ratio of 2020 excluding the extraordinary items is in accordance with the new calculation method 12.38.

3 The annual total compensation for the highest-paid individual is less high in 2021 because of the new defined contribution plan started from 1 January 2021. All employees participate in the defined contribution plan. The annual pension expenditure is based on a premium table.

## Diversity of governance bodies and management

| In numbers (female / male) | 31 December 2021 | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 |
|---|---|---|---|---|---|
| *Supervisory Board* | | | | | |
| Female | 2 | 2 | 2 | 2 | 1 |
| Male | 3 | 4 | 4 | 3 | 3 |
| **Total Supervisory Board** | **5** | **6** | **6** | **5** | **4** |
| | | | | | |
| *Executive Board* | | | | | |
| Female | 1 | 2 | 1 | 1 | 1 |
| Male | 2 | 1 | 2 | 3 | 3 |
| **Total Executive Board** | **3** | **3** | **3** | **4** | **4** |
| | | | | | |
| *Senior management* | | | | | |
| Female | 4 | 5 | 5 | 6 | 6 |
| Male | 12 | 13 | 15 | 15 | 16 |
| **Total senior management** | **16** | **18** | **20** | **21** | **22** |
| | | | | | |
| *Management excl. senior and junior management* | | | | | |
| Female | 38 | 35 | 33 | 26 | 22 |
| Male | 130 | 127 | 124 | 108 | 102 |
| **Total management excl. senior and junior management** | **168** | **162** | **157** | **134** | **124** |
| | | | | | |
| *Junior management (first level of management)* | | | | | |
| Female | 59 | 56 | 24 | 51 | 51 |
| Male | 99 | 107 | 102 | 113 | 121 |
| **Total junior management (first level of management)** | **158** | **163** | **126** | **164** | **172** |
| | | | | | |
| *Other employees* | | | | | |
| Female | 1,563 | 1,450 | 1,366 | 1,301 | 1,252 |
| Male | 1,956 | 1,890 | 1,881 | 1,948 | 1,920 |
| **Total other employees** | **3,519** | **3,340** | **3,247** | **3,249** | **3,172** |

| Diversity of governance bodies and management | | | | | |
|---|---|---|---|---|---|
| In % (female / male) | 31 December 2021 | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 |
| *Supervisory Board 30-50 years* | | | | | |
| Female | - | 17 | 17 | - | - |
| Male | - | - | - | - | - |
| *Supervisory Board > 50 years* | | | | | |
| Female | 40 | 17 | 17 | 40 | 25 |
| Male | 60 | 66 | 66 | 60 | 75 |
| **Total Supervisory Board** | **100** | **100** | **100** | **100** | **100** |
| | | | | | |
| *Executive Board 30-50 years* | | | | | |
| Female | - | 33 | - | - | 25 |
| Male | 33 | - | 33 | 50 | 50 |
| *Executive Board > 50 years* | | | | | |
| Female | 33 | 33 | 33 | 25 | - |
| Male | 33 | 33 | 33 | 25 | 25 |
| **Total Executive Board** | **100** | **100** | **100** | **100** | **100** |
| | | | | | |
| *Senior management 30-50 years* | | | | | |
| Female | 19 | 17 | 15 | 24 | 23 |
| Male | 19 | 22 | 20 | 33 | 40 |
| *Senior management > 50 years* | | | | | |
| Female | 6 | 11 | 10 | 5 | 5 |
| Male | 56 | 50 | 55 | 38 | 32 |
| **Total senior management** | **100** | **100** | **100** | **100** | **100** |
| | | | | | |
| *Management excl. senior and junior management < 30 years* | | | | | |
| Female | - | - | - | - | 1 |
| Male | - | - | 1 | - | 1 |
| *Management excl. senior and junior management 30-50 years* | | | | | |
| Female | 17 | 17 | 15 | 13 | 21 |
| Male | 43 | 45 | 42 | 57 | 46 |
| *Management excl. senior and junior management > 50 years* | | | | | |
| Female | 5 | 4 | 6 | 6 | 6 |
| Male | 34 | 33 | 36 | 24 | 25 |
| **Total management excl. senior and junior management** | **100** | **100** | **100** | **100** | **100** |
| | | | | | |
| *Junior management (first level of management) < 30 years* | | | | | |
| Female | 2 | 1 | - | 1 | 2 |
| Male | 1 | 1 | 1 | 1 | 1 |
| *Junior management (first level of management) 30-50 years* | | | | | |
| Female | 24 | 23 | 24 | 21 | 23 |
| Male | 37 | 37 | 35 | 36 | 38 |
| *Junior management (first level of management) > 50 years* | | | | | |
| Female | 11 | 11 | 11 | 9 | 5 |
| Male | 25 | 28 | 30 | 32 | 31 |
| **Total junior management (first level of management)** | **100** | **100** | **100** | **100** | **100** |

| In % (female / male) | 31 December 2021 | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 |
|---|---|---|---|---|---|
| *Other employees < 30 years* | | | | | |
| Female | 6 | 6 | 6 | 5 | 5 |
| Male | 6 | 5 | 5 | 5 | 5 |
| *Other employees 30-50 years* | | | | | |
| Female | 26 | 25 | 24 | 24 | 24 |
| Male | 26 | 28 | 26 | 27 | 29 |
| *Other employees > 50 years* | | | | | |
| Female | 13 | 11 | 13 | 11 | 11 |
| Male | 24 | 25 | 27 | 27 | 26 |
| **Total other employees** | **100** | **100** | **100** | **100** | **100** |

## Relative score for employee engagement in Denison scan compared to the benchmark

| In percentile (0-100) | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| a.s.r. | 91 | 89 | 77 | 76 | 71 |

## Participation desk

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Employees employed through the Participation desk | 46 | 37 | 35 | 29 | 31 |

## Absenteeism rates[1]

| In % | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Female | 4.6 | 4.5 | 5.4 | 5.5 | 5.3 |
| Male | 3.0 | 3.1 | 3.2 | 2.9 | 3.2 |
| **Total absentee rate** | **3.7** | **3.6** | **4.0** | **3.8** | **4.0** |

## Nil absenteeism

| In % | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Nil absenteeism | 63 | 63 | 54 | 56 | 50 |

## Collective labour agreement

| In % | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Employees covered by CLA | 99.5 | 99.4 | 99.3 | 99.3 | 95.4 |

## Grievances

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Grievances relating to labour practices | - | 1 | 1 | 1 | 1 |

1 Excluding maternity leave.

## Training and development

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Total spending on training and development (€ million) | 4.4 | 4.6 | 6.0 | 6.6 | 5.3 |
| Equivalent working time spent on training (€ million) | 1,149 | 1,471 | 1,530 | 1,203 | 1,338 |
| Training spending per FTE that followed (€) | 1,255 | 1,314 | 1,815 | 2,110 | 1,740 |
| Human capital return on investment (%) | 14 | 13 | 12 | 12 | 11 |
| Average days of training per employee that followed training | 1.2 | 1.9 | 2.1 | 1.8 | 2.1 |
| Employees took part in at least one targeted training session (%) | 64 | 45 | 58 | 44 | 52 |

## Employee development training

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Employees have completed job-related training | 2,457 | 1,725 | 1,912 | 1,512 | 1,729 |
| Employees took part in one of the development programmes | 302 | 382 | 534 | 719 | 819 |
| Employees followed a workshop on sustainable employability | 326 | 391 | 343 | 792 | 589 |
| Employees have completed an individual coaching programme | 284 | 296 | 487 | 486 | 266 |
| Employees were given guidance in the context of redundancy | 86 | 85 | 157 | 154 | 182 |

## Employee turnover

| In % | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Voluntary employee turnover | 3.7 | 2.9 | 3.7 | 4.9 | 3.5 |
| Involuntary employee turnover | 5.4 | 7.1 | 6.5 | 8.0 | 4.6 |
| **Total employee turnover** | **9.1** | **10.0** | **10.2** | **12.9** | **8.1** |

## Vacancies filled

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| By internal candidates | 327 | 199 | 256 | 208 | 98 |
| By external candidates | 323 | 265 | 224 | 184 | 142 |
| **Total number of vacancies filled** | **650** | **464** | **480** | **392** | **240** |

## Vacancies filled

| In % | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| By internal candidates | 50 | 43 | 53 | 53 | 41 |
| By external candidates | 50 | 57 | 47 | 47 | 59 |
| **Total percentage of vacancies filled** | **100** | **100** | **100** | **100** | **100** |

## Ethical workshops and dilemma sessions

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Ethical workshops and dilemma sessions | 8 | 6 | 10 | 5 | NA |

# Responsible investor indicators

### Asset management

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Assets under management in SRI funds and mandates (end of period) (in %) | 100 | 100 | 100 | 100 | 100 |
| Impact investing (€ billion) | 2.507[1] | 1.696 | 0.927 | 0.346 | 0.3 |

### Engagement dialogues

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Participation in engagement dialogues via Robeco | 9 | 15 | 9 | 9 | 11 |
| Participation in engagement dialogues on specific topics | 23 | 14 | 13 | 12 | NA |
| **Total engagement dialogues** | **32** | **29** | **22** | **21** | **11** |

### Screened companies excluded due to

| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Human rights violations | 4 | 7 | 7 | 6 | 3 |
| Labour rights violations | - | 2 | 3 | 2 | 3 |
| Environmental violations | 10 | 8 | 7 | 13 | 6 |
| Armaments | 118 | 124 | 153 | 100 | 107 |
| Tobacco | 18 | 19 | 16 | 15 | 17 |
| Gambling | 54 | 52 | 49 | 44 | 39 |
| Coal-mining | 90 | 8 | 10 | 47 | 63 |
| Tar sands and shale oil[2] | - | 8 | 5 | 4 | 10 |
| Coal-fired electricity generation | 38 | 11 | 13 | NA | NA |
| Nuclear energy-related activities | 11 | 10 | 8 | 9 | 5 |
| Unconventional oil and gas | 72 | NA | NA | NA | NA |
| **Total number of exclusions[3]** | **415** | **249** | **271** | **240** | **253** |

### GRESB Real Estate and Debt Assessment Scores

| 0-100 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| ASR Dutch Core Residential Fund | 88 | 84 | 84 | 80 | 72 |
| ASR Dutch Prime Retail Fund | 83 | 78 | 76 | 72 | 66 |
| ASR Dutch Mobility Office Fund | 92 | 84 | 77 | 70 | NA |
| ASR Dutch Science Park Fund | 72 | NA | NA | NA | NA |

# Investor community indicators

### Shares

| In numbers | Year-end 2021 | Year-end 2020 | Year-end 2019 | Year-end 2018 | Year-end 2017 |
|---|---|---|---|---|---|
| Authorised capital | 325,000,000 | 350,000,000 | 350,000,000 | 350,000,000 | 350,000,000 |
| Issued share capital | 138,057,204 | 141,000,000 | 141,000,000 | 141,000,000 | 144,000,000 |
| Own shares held by a.s.r. | 2,263,812 | 3,071,697 | 251,201 | - | 3,000,000 |
| Outstanding shares | 135,793,392 | 137,928,303 | 140,748,799 | 141,000,000 | 141,000,000 |

1 This indicator has been part of reasonable assurance.
2 In 2021 a.s.r. expanded its fossil fuels exclusion policy. The category 'unconventional oil and gas' replaces 'tar sands and shale oil'. Unconventional oil and gas includes tar / oil sands, oil shale (kerogen-rich deposits), shale gas, shale oil, coal seam gas, coal bed methane as well as Arctic onshore / offshore.
3 Includes doublecounts due to the fact that some companies are excluded on more than one criteria.

### Dividend history

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Dividend (€ million) | 329 | 282 | 267 | 245 | 230 |
| Dividend per share (€) | 2.42 | 2.04 | 1.90 | 1.74 | 1.63 |

### Dividend per share

| In € | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Interim dividend | 0.82 | 0.76 | 0.70 | 0.65 | NA |
| Final dividend | 1.60 | 1.28 | 1.20 | 1.09 | NA |
| Total dividend | **2.42** | **2.04** | **1.90** | **1.74** | **1.63** |

### Share price performance

| In € | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Starting price as at 1 January | 32.85 | 33.36 | 34.58 | 34.31 | 22.60 |
| Highest closing price | 40.98 | 37.66 | 39.91 | 42.18 | 35.74 |
| Lowest closing price | 31.92 | 18.46 | 30.30 | 33.70 | 21.90 |
| Closing price as at 31 December | 40.50 | 32.85 | 33.36 | 34.58 | 34.31 |
| Market cap as at 31 December (€ million) | 5,500 | 4,531 | 4,695 | 4,876 | 5,043 |
| Average daily volume shares (numbers) | 463,387 | 635,603 | 422,419 | 474,054 | 602,768 |

### Shareholder return

| In % including dividend reinvested | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Shareholder return including dividend reinvested in a.s.r. shares | 30.4 | 5.1 | 1.8 | 7.1 | 58.6 |
| Euronext AMX Index | 18.5 | 5.0 | 42.6 | -19.0 | 24.7 |
| Euronext AEX Index | 30.5 | 5.5 | 28.5 | -7.4 | 16.5 |
| STOXX Europe 600 insurance Index | 21.1 | -8.9 | 30.8 | -5.7 | 11.9 |

# Environmental indicators

### Emissions of asset management

| | | | | | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Asset class[1] | AuM Relevant (€ million) | Calculated (€ million) | Calculated (%) | $tCO_2e$ | $tCO_2e$/m€ | $tCO_2e$/m€ |
| Fixed Income | 24,912 | 24,545 | 98.5 | 1,914,404 | 78.0 | 80.0 |
| Equity | 2,546 | 2,510 | 98.6 | 94,139 | 37.5 | 52.0 |
| **Total[2]** | **27,458** | **27,055** | **98.5[3]** | **2,008,543** | **74.2** | **78.0** |

1 This scope concerns the AuM of the KPI '$CO_2e$ footprint reduction investments', for a.s.r. asset management.

2 For countries such as the United States, Japan and Australia we were able to assess their emissions profile in line PCAF Global Consultation, unlike last year. The $CO_2e$ is calculated on a 'best effort' basis with the data of Vigeo Eiris, Eurostat en Bloomberg.

3 This figure differs from the figure reported in chapter 2.5.1 (96%) as that figure is the percentage of the carbon footprint calculated of the entire investment portfolio for its own account.

## Emissions of real estate

| Asset class | AuM Relevant (€ million) | Calculated (€ million) | Calculated (%)[1] | $tCO_2e$ | 2021 $tCO_2e$/m€ | 2020 $tCO_2e$/m€ |
|---|---|---|---|---|---|---|
| ASR DPRF (retail) | 625 | 440 | 70 | 5,461 | 12.4 | 14.0 |
| ASR DCRF (residential) | 1,079 | 861 | 80 | 5,242 | 6.1 | 8.3 |
| ASR DMOF (offices) | 113 | 113 | 100 | 415 | 3.7 | 15.3 |
| ASR DSPF (offices) | 28 | 28 | 100 | 402 | 14.6 | 15.4 |
| Rural real estate / ASR DFLF (rural) | 1,841 | 1,841 | 100 | 240,000 | 130.4 | 139.8 |
| Other | 430 | 368 | 86 | 468 | 1.3 | 15.5 |
| **Total[2]** | **4,116** | **3,651** | **89** | **251,988** | **69.1** | **71.0** |

## Emissions of residential mortgages

| Mortgages portfolio | Relevant (€ million) | Calculated (€ million) | Calculated (%)[1] | $tCO_2e$ | 2021 $tCO_2e$/m€ | 2020 $tCO_2e$/m€ |
|---|---|---|---|---|---|---|
| Residential mortgages[3] | 8,457 | 8,291 | 98 | 71,702 | 8.7 | 7.8 |

1 This indicator has been part of reasonable assurance.

2 Calculation concern 89% of AuM for own account. Relatively limited data for the asset class retail, due to i.e. privacy issues, lack of agreements with tenants and limited use of smart meters.
Carbon calculations are based on the total energy consumption in kWh per $m^2$ per year of all objects in the portfolio that have been in operation throughout the calendar year.
Carbon data of funds DCRF, DPRF, DSPF and Other is based on energy consumption in 2020, excluding Archimedeslaan, head office of a.s.r., for which the energy consumption 2021 is known, the head office is included in Other.
Data resources are smart meters from Fudura, other smart meters and annual energy consumption by the grid operators.
The total energy consumption in kWh per $m^2$ per year of all objects in the portfolio that have been in operation throughout the calendar year, is the sum of the amount of electricity (in kWh), district heating in GJ and gas (in $m^3$) that is converted into kWh. The total energy consumption in kWh per $m^2$ per year is converted per type of energy source (www.co2emissiefactoren.nl).
The figures of DFLF have been determined on the basis of generic calculation rules per soil type and per use.

3 These calculations are in accordance with PCAF Methodology. Calculation concern 98% of total Mortgage portfolio. No data available of homes under construction, houses that do not (yet) have an energy label and houses of which it is impossible to secure reliable data such al building year and type of dwelling. Data resources are services partner Stater, RVO, Calcasa (label, type of house and year of construction), and CBS (energy consumption). In the calculation for 2021 a Loan to Value (LTV) correction was used, this was also done for the 2020 figures, the 2020 figures are restated compared to the Annual Report 2020. This means that the carbon footprint calculation takes into account the percentage of the mortgage in relation to the value of the home. Only the percentage of the mortgage in relation to the value of the home is allocated to the $CO_2e$ emissions of a.s.r.

## Emissions of own activities[1,2]

| Category of carbon emissions | 2021 in % | 2021 $tCO_2e$ | 2020 in % | 2020 $tCO_2e$ | 2019 in % | 2019 $tCO_2e$ | 2018 in % | 2018 $tCO_2e$ | 2017 in % | 2017 $tCO_2e$ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Scope 1** | | | | | | | | | | |
| Fuel and heat | 0.2 | 3 | 0.3 | 8 | 0.5 | 37 | 1.1 | 88 | 1.1 | 85 |
| Cooling | 2.0 | 34 | 1.3 | 37 | 0.7 | 51 | 0.7 | 56 | 0.7 | 54 |
| Business travel as a result of lease car fleet | 43.1 | 748 | 40.8 | 1,113 | 26.5 | 2,078 | 27.0 | 2,172 | 29.1 | 2,248 |
| | **45.2** | **785** | **42.4** | **1,158** | **27.7** | **2,166** | **28.8** | **2,317** | **30.9** | **2,387** |
| **Scope 2**[3] | | | | | | | | | | |
| Electricity | - | - | - | - | - | - | - | - | - | - |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Scope 3** | | | | | | | | | | |
| Business travel excluding lease car fleet | 3.3 | 57 | 3.2 | 87 | 4.2 | 329 | 4.0 | 322 | 4.1 | 317 |
| Commuter travel | 48.0 | 833 | 51.6 | 1,408 | 66.0 | 5,148 | 65.0 | 5,229 | 62.8 | 4,851 |
| Waste | 3.5 | 61 | 2.8 | 76 | 2.1 | 160 | 2.2 | 177 | 2.2 | 170 |
| | **54.8** | **951** | **57.6** | **1,571** | **72.3** | **5,638** | **71.2** | **5,727** | **69.1** | **5,338** |
| **Total** | **100** | **1,736** | **100** | **2,728** | **100** | **7,804** | **100** | **8,044** | **100** | **7,725** |

## Energy consumption

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Energy (in kWh) | 8,403,718 | 7,211,643 | 8,431,307 | 8,461,661 | 9,217,718 |
| - Wind electrical energy | 4,649,449 | 4,458,798 | 5,710,499 | 5,572,103 | 5,853,609 |
| - PV electrical energy (solar panels) | 363,369 | 161,045 | 152,808 | 168,758 | 149,251 |
| - WKO (renewable heat and cooling) | 3,390,900 | 2,591,800 | 2,568,000 | 2,720,800 | 3,214,858 |
| Renewable electricity solar panels (%) | 7.8 | 3.6 | 2.7 | 3.0 | 2.5 |
| Natural gas (in $m^3$) | - | - | 18,311 | 43,816 | 42,629 |

## Energy consumption purchased from energy suppliers

| In kWh | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Electricity | 4,649,449 | 4,458,798 | 5,710,499 | 5,572,103 | 5,853,609 |
| Natural gas | - | - | 178,800 | 428,056 | 416,460 |
| Total energy consumption (in 1,000 kWh) | 4,649 | 4,459 | 5,889 | 6,000 | 6,270 |
| Energy consumption per $m^2$ purchased | 51 | 49 | 63 | 65 | 68 |
| Energy consumption per $m^2$ purchased and self produced | 91 | 78 | 94 | 97 | 105 |

## Commuter travel mobility

| In % | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Car use | 73 | 60 | 59 | 58 | 57 |
| Bicycle use | 23 | 21 | 22 | 22 | 21 |
| Public transport use | 4 | 17 | 16 | 18 | 20 |
| Carpool | - | 2 | 3 | 2 | 2 |
| **Total** | **100** | **100** | **100** | **100** | **100** |

## Water consumption

| In $m^3$ | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Water usage | 9,261 | 12,093 | 18,763 | 17,212 | 15,914 |

1 The figures are based on a.s.r.'s head office (91,912 $m^2$ gross floor area). The offices in Enschede (1,830 $m^2$ gross floor area), Rotterdam (approx.1,000 $m^2$ gross floor area of office space and 3,900 $m^2$ gross floor area of archives) Heerlen (2.815 $m^2$ gross floor area) and Hoorn (3.745 $m^2$ gross floor area) are not included.
2 According to the Greenhouse Gas Protocol.
3 Based on the market-based approach.

| Waste | | | | | |
|---|---|---|---|---|---|
| In tonnes | 2021 | 2020 | 2019 | 2018 | 2017 |
| Waste | 61 | 76 | 220 | 234 | 228 |

| Environmental incidents | | | | | |
|---|---|---|---|---|---|
| In numbers | 2021 | 2020 | 2019 | 2018 | 2017 |
| Incidents | - | - | - | - | - |

## Sustainability ratings

| Ratings | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Score low | Score high | 2021 | 2020 | 2019 | 2018 | 2017 |
| Dow Jones Sustainability Index[1] | 0 | 100 | 86 / #8 | 81 | 73 | 71 | 62 |
| MSCI | CCC | AAA | A | BBB | BBB | BB | BB |
| Sustainalytics ESG Risk Rating | 100 | 0 | 10.0 / #1 | 14.7 | 13.6 | NA | NA |
| Carbon Disclosure Project | D- | A | B | C | B | B | NA |
| Vigeo Eiris | 0 | 100 | 61 / #5 | 60 | NA | 52 | NA |
| ISS Oekom | D- | A+ | C (prime) | C (prime) | C (prime) | C- | - |
| FTSE4Good | 0 | 5 | 4.1 | 4.3 | 4.9 | 3.5 | NA |
| Euronext Vigeo Eiris (Eurozone 120) | | | included | included | included | included | included |
| Ethibel Excellence Euro Index | | | included | included | included | included | included |
| Dutch Transparency Benchmark (once every two years) | 0 | 100 | 79.6 / #17 | NA | 73 / #21 | NA | 177 / #46 |
| Fair Insurance Guide (Eerlijke Verzekeringswijzer) | | | #1 | #1 | #1 | #1 | #1 |
| VBDO (once every two years) | | | #3 | NA | #2 | NA | #2 |
| VBDO Tax Transparency Benchmark | 0 | 35 | 28 / #6 | 27 / #4 | 25 / #10 | 18 / #15 | 7 / #19 |

1 DJSI Europe Index: #6, DJSI World Index: #8

# 7.6 **About** this report

Long-term value creation requires companies to steer on the financial- and non-financial aspects of business. Certain non-financial aspects contribute directly or indirectly to financial performance, and often have a greater impact over the medium to long-term. a.s.r. believes that an integrated approach towards performance management is key to ensuring the company creates stakeholder value in the long run. In this integrated Annual Report, a.s.r. provides a transparent overview of its activities and results in 2021. In addition, this report describes the relationship between its mission, strategy, governance and the social and economic context in which it operates. More information about a.s.r. can be found at www.asrnl.com.

**Scope**

The financial information in this Annual Report has been consolidated for a.s.r. and all its group entities. All quantitative and qualitative information relates to a.s.r. as a whole, unless a specific business line is explicitly mentioned. The full list of principal group companies and associates can be found in chapter 6.7.9.

The data in chapter 3 is excluding VKG, Dutch ID (Felison and Boval), Corins, SuperGarant, ANAC and Poliservice, unless specified otherwise. Their combined assets account for approximately 0.4% of the total assets. Together, the chapters 1, 2, 3 and 4 make up the Report of the Management Board.

**Process**

Relevant topics and boundaries for this report were selected on the basis of a materiality analysis involving both internal and external stakeholders. A dialogue was held in 2020 with stakeholders and senior management, including the EB, to define a.s.r.'s material topics. In 2021 an update was performed of the materiality analysis by holding interviews with approximately 20 internal and external stakeholders. The process is described in chapter 2.6 and 7.9. The information in the Report of the Management Board is based on reports from the business lines and the results of questionnaires and interviews.

The non-financial figures are delivered by various staff departments and business lines. This information usually comes from subject-specific systems such as HR, environment and complaints systems. Virtually all information is consolidated within the functional systems for the entire organisation.

For the preparation of the Annual Report, a Steering Group (SG), a Working Group (WG), and a Review Group (RG) have been set up to guide the process and review the content. The Annual Report SG agrees on the different tasks, roles and responsibilities relating to the preparation of the Annual Report. The SG represents the CEO, the Director Finance, Risk & Performance Management and the Director Corporate Communication.

The following disciplines are represented in the WG: Compliance, Finance, Risk & Performance Management, Group Balance Sheet Management, Investor Relations & Ratings, Corporate Communication (including CSR), Human Resources, Group Risk Management, Asset Management and the company secretary.

Before gathering information and writing the Annual Report, the SG and the WG decided on the structure and key messages of the report. The WG then translated these guidelines into drafts, which were reviewed by a committee of members from the WG, SG and RG. During the reporting process, the RG delivered feedback on the draft Annual Report. The RG is represented by directors. The final draft texts of the Annual Report are discussed in the respective meetings of the EB, the SB and the A&RC. Disclosure of the Annual Report is subject to the approval of the EB and the SB.

**Standards**

The consolidated financial statements of a.s.r. have been prepared in accordance with IFRS – including the IAS and Interpretations – as adopted by the EU, and with the financial reporting requirements included in Title 9, Book 2 of the Dutch Civil Code, where applicable.

Pursuant to the options offered by Section 362, Book 2 of the Dutch Civil Code, a.s.r. has prepared its company financial statements in accordance with the same principles as those used for the consolidated financial statements. All amounts quoted in these financial statements are in euros and rounded to the nearest million, unless otherwise indicated. Calculations are made using unrounded figures. As a result rounding differences can occur.

The Solvency II figures in this report are based on the standard formula. In addition to the information in this report, a.s.r. also publishes a separate Solvency and Financial Condition Report (SFCR).

This report has been prepared in accordance with the latest Standards of the Global Reporting Initiative (GRI). These in 2021 revised Universal Standards represent the most significant update since GRI transitioned from providing guidance to setting standards in 2016. The GRI Standards provide relevant and clear requirements for reporting on economic, social and environmental aspects. The GRI Content Index, including additional information not included in the Annual Report itself, can be found in chapter 7.10. In addition, the Integrated Reporting Framework of the Value Reporting Foundation has been used to further integrate the financial and non-financial information into the Management report.

a.s.r. is a UN Global Compact signatory since 2011, and reports annually on its progress of implementing the ten UN Global Compact principles.

These principles are related to human rights, labour, environment and anti-corruption. See for more information www.unglobalcompact.org.

As a large listed company in the Netherlands, a.s.r. is required to comply with the EU Directive on the disclosure on non-financial and diversity information. This directive is implemented in Dutch law and applies to Annual Reports published after 1 January 2018. a.s.r. is required to report about non-financial information in relation to environmental, social and personnel matters, in respect of human rights and combatting bribery and corruption. Please find the EU Directive reference table in chapter 7.12. a.s.r. also reported for the first time on the EU Taxonomy Regulation requirements of the EU SFAP regulation, please refer to chapter 4.4 for the implementation of these reporting criteria.

a.s.r. uses the Greenhouse Gas (GHG) Protocol to report its emissions.

a.s.r. recognises that climate change events can have an impact on the company and its business. Since 2019, a.s.r. has externally disclosed that it is aligning its climate action approach to TCFD. a.s.r.'s approach to addressing climate change is described in chapter 4.5, and a.s.r. included a TCFD reference table in chapter 7.11. a.s.r. also published an Climate report 2021, please see www.asrnl.com.

**SDGs**
a.s.r. selected the most relevant Sustainable Development Goals (SDGs) out of the total set of 17 SDGs as presented by the UN in 2015. These are the goals to which a.s.r. can contribute the most as a sustainable insurer, employer, investor and as a socially responsible business partner: the SDGs 1, 3, 7, 8, 13 and 15. Please refer to chapter 2.7 for more details.

**Presentation of non-financial data**
The definitions and calculation methods of indicators are presented in the relevant chapters among which chapter 7.7. In 2021 no restatements have been made.

**Audit and assurance of the auditor**
The consolidated financial statements have been audited by a.s.r.'s external auditor, KPMG. KPMG's audit opinion can be found in chapter 7.2 included in the Annual Report. The information included in chapter 4.4 related to the EU Taxonomy Regulation and in chapter 7.12 related to the EU Directive on the disclosure on non-financial and diversity information have been subject to COS 720 procedures performed on all 'other information' as disclosed in the audit opinion on the financial statements.

In addition to the financial results, KPMG also performed a review of the non-financial information in this Annual Report. Just like in 2020 the four strategic KPIs (Net Promoter Score, Impact investing, Carbon footprint in % of portfolio for own account and Employee contribution to local society) were audited with a reasonable level of assurance. In 2021, 23 selected HR related indicators were audited for the first time with a reasonable level of assurance, in 2020 these indicators were reviewed with a limited level of assurance. All other non-financial information has as in previous years been reviewed with a limited level of assurance. KPMG's assurance report can be found in chapter 7.1. The SB, EB and senior management are involved in seeking external assurance for the organisation's non-financial information.

# 7.7 Glossary

**Amortised cost**
The amount at which a financial asset or financial liability is measured on initial recognition net of principal repayments, plus or minus accumulated amortisation using the effective interest method or any difference between that initial amount and the amount at maturity, and minus any reduction for impairments or collectability.

**Associate**
An entity over which a.s.r. has significant influence and which is neither a subsidiary nor an interest in a joint venture.

**Basis point**
One-hundredth of one percent (0.01%).

**Building Research Establishment Environmental Assessment Methodology (BREEAM)**
BREEAM, which was first published by the Building Research Establishment (BRE) in 1990, is the world's longest established method for assessing, rating, and certifying the sustainability of buildings.

**Carbon dioxide equivalent ($CO_2e$)**
Carbon dioxide equivalent ($CO_2e$) is calculated from the global warming potential, which is the heat absorbed by any greenhouse gas in the atmosphere. Meaning that for any gas, it is the mass of $CO_2$ that would warm the earth as much as the mass of that gas.

**Carbon footprint of portfolio for own account**
The non-financial target regarding the carbon footprint coverage shows the percentage of a.s.r.'s internally managed AuM for the own account of ASR Nederland N.V., where a.s.r. has measured at least the carbon emissions scope 1+2. a.s.r.'s activities are divided into three categories, namely Asset Management, Real Estate and Mortgages. The carbon footprints published in this report are all in $CO_2e$. The valuation method for financial amounts, such as totals that are published, are in line with the method applied for the balance sheet in the financial statements unless specified otherwise.

*Asset Management*
For Asset Management the carbon footprint includes all asset classes, in particular sovereign bonds, corporate bonds, mortgage loans, Interest Rate Swaps, direct real estate, listed equity and cash. For the carbon calculations external sources are used, namely Bloomberg, Vigeo Eiris and Eurostat. This methodology is aligned with PCAF.

*Real Estate*
For Real Estate the most recent figures from a selected set of external data providers are used in the carbon footprint calculation. Data coverage is calculated by dividing the financial value of objects for which carbon emission data is available by the total financial value of all objects. The carbon emissions data are derived from external sources, namely HAS Hogeschool (via the Geographic Information System (GIS)) and Cushman & Wakefield. This approach is in line with the GRESB benchmark.

*Mortgages*
For Mortgages the data coverage figure covers all assets under management of the mortgage portfolio. The figure is calculated based on the average energy usage in kWh and use of cubic metres of natural gas per energy label, building year and type of house. The data used for these carbon calculations are derived from external sources, namely RVO, Calcasa and CBS. This methodology is aligned with PCAF.

**Claims ratio**
The cost of claims, net of reinsurance in Non-life, excluding the internal costs and exclusively commissions paid of handling non-life claims, less interest accrual on reserves, and a margin of prudence for health, expressed as a percentage of net earned premiums.

**Clean fair value**
The fair value of an asset or liability, excluding the unrealised portion of accrued interest.

**Closed books**
Closed books are policies that are no longer sold but are still on the books of a life insurance carrier as premium paying policies.

**Derivative**
A financial instrument with all three of the following characteristics: (a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided, where a non-financial variable is concerned, the variable is not specific to a party to the contract (sometimes referred to as the underlying); (b) It requires no initial net investment or else an initial net investment which is lower than would be required for other types of contracts that would be expected to have a similar response to changes in market factors and (c) It is settled at a future date.

**Discounted cash flow method**
A valuation technique whereby expected future cash flows are discounted at a rate that expresses the time value of money and a risk premium that reflects the extra return that investors demand as compensation for the risk that the cash flows may not materialise.

**Discretionary Participation Feature**
A contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits, the amount or timing of which is contractually at the discretion of the issuer, which are contractually based on

the performance of a specified pool of contracts or type of contract, realised and / or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company, fund or other entity that issues the contract.

**Embedded derivative**
A component of a hybrid instrument that also includes a non-derivative host. The host contract may be a bond or equity, a lease, an insurance contract or a contract of purchase and sale.

**Employee benefits**
All forms of consideration given by an entity in exchange for service rendered by employees.

**Employee contribution**
a.s.r.'s employee contribution to local society is measured by the volunteering hours of both a.s.r. employees as well as external employees working on behalf of a.s.r. These hours are non-profit and might include activities of the a.s.r. foundation. This contribution can be done in a team or on an individual basis. For some activities the time is estimated based on a standardised table. Activities include improving financial literacy, being a financial buddy, reading aloud to children, etc., as well as team activities for societal organisations. Employees that are involved in an activity within a domain (Financial self-reliance and Helping by doing) more than once per calender year are considered a doublecount. And as such only included once in the figure reported for number of employees involved. Volunteering hours also include training hours, travel time and the actual execution of the employee contribution.

**Employee engagement**
Employee engagement is measured through the Denison scan that is performed annually. Employees are asked to fill in a questionnaire on the basis of four drivers of engagement: vision, core values, empowerment and knowledge development. The results are compared with a global benchmark of more than 1,200 large organisations which use the Denison scan.

**Employee Mood Monitor (eMood®)**
The eMood® score measures how employees feel in terms of happiness at work, vitality and productivity. The average of these scores is called the mood of a.s.r. or another organisation using eMood®. All weekly scores are consolidated in the score per year.

**Employee Net Promoter Score (eNPS)**
The eNPS, the extent to which employees would actively recommend a.s.r. as an employer, is also measured via the Employee Mood Monitor. The eNPS provides a.s.r. with an insight into the loyalty and perceived attraction of a.s.r. as an employer.

**Employee turnover**
The employee turnover is measured through a percentage which is the total outflow of employees divided by the average number of employees. This figure can be split into voluntary and involuntary turnover.

**Engagement**
Engagement is a constructive dialogue designed to increase the level of sustainability. a.s.r. uses three types of engagement: (1) influencing, (2) monitoring, and (3) public engagement.

**Environmental, social and governance (ESG)**
ESG refers to the three main areas of concern that have developed as central factors in measuring the sustainability and ethical impact of an investment in a company. These areas cover a broad set of concerns increasingly included in the non-financial factors that feature in the valuation of investments in equities, property, and corporate and fixed-income bonds. ESG is the catch-all term for the criteria used in what has become known as socially responsible investment.

**Expense ratio**
Expenses, including the internal costs of handling non-life claims, minus internal investment expenses and restructuring provision expenses, expressed as a percentage of net earned premiums.

**Fair value**
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**Global Reporting Initiative (GRI)**
The GRI is an international organisation that defines standards for sustainability reporting.

**Global Real Estate Survey Benchmark (GRESB)**
The GRESB is a benchmark that looks at the sustainability performance of more than 700 institutional investment funds worldwide.

**Goodwill**
An asset representing the future economic benefits arising from other assets acquired in a business combination which are not individually identified and separately recognised.

**Gross written premiums**
Total revenues (earned or otherwise) expected to be received for insurance contracts over the life of the contract, including reinsurance premiums.

**Hedge accounting**
Hedge accounting recognises the offsetting on profit or loss of changes in the fair value of the hedging instrument and the hedged item.

**Impact investing**
a.s.r. aims to contribute to sustainable development through impact investing within various asset classes: Asset Management, Mortgages and Real Estate. a.s.r.'s impact investments include: listed equity (funds), private equity, green, social & climate bonds, loans, and sustainability improvement mortgages. The valuation method for financial amounts, such as totals that are published, are in line with the method applied for the balance sheet in the financial statements unless specified otherwise.

*Asset Management*
a.s.r. defines investments in organisations or governments with the intention of generating a positive impact in addition to positive financial returns on a sustainable future for people and the planet as impact investing. When Asset Management selects these investments (e.g. through listed equity (funds), private equity or private debt), the output side of an organisation (products, services) is considered, not the input side (ESG policy, initiatives, risk management). In order to qualify as an impact investment, a company or government must always be allowed within the general SRI policy. a.s.r. also invest in impact bonds, an impact bond meets the following conditions: The bond complies with the Green Bond Principles, Climate Bond Principles or Social Bond Principles and the set-up of the bond and / or the use of proceeds has been reviewed by a third party. For impact companies is it key that over 50% of the company's output comes from products or services (with a theory of change) that contribute to the SDGs as defined in the UN PRI Market map or another theory of change approved by the a.s.r. ESG Committee.

*Real Estate*
The Global Impact Investing Network defines impact investing as: Investments made into companies, organisations, and funds with the intention to generate positive, measurable social and environmental impact alongside a financial return. This definition is used by a.s.r. to calculate the figure of impact investments for real estate activities.

In 2021, Real Estate established two new impact themes, which means there are now four themes through which a.s.r. real estate has an impact on society. These four themes are: 1. Affordable housing, 2. Dutch Science parks, 3. International non-listed real estate, and 4. Sustainable mobility. The 2021-data include investments in theme 1 and 2. For the coming years investments are expected in theme 3 and 4 as well. Furthermore, a new impact theme, Renewable energy, is expected to be included in 2022 as well.

Theme 1. Affordable housing: ASR DCRF developed an impact investment strategy that focuses on the addition of affordable dwellings to its portfolio. To make a measurable impact, the Fund monitors the addition of assets under management within the affordable range, as defined above. The Fund also has a clear focus on affordability in its standing portfolio. To keep affordable dwellings in the standing portfolio affordable in future, the Fund:
- Implements moderated (yearly) rental increases.
- Caps rents in line with the current market rents.
- Actively lowers living costs by implementing energy-saving measures (PV panels, LED lights and the maintenance programme).

Theme 2. Dutch Science parks: ASR DSPF is dedicated to making a positive and measurable impact on the quality of science park ecosystems in the Netherlands by investing in commercial real estate, which is needed for science park ecosystems to realise their full potential. By providing an ideal setting for companies that work on a wide range of innovative and sustainable products and solutions, the Fund is making a valuable contribution towards an equally diverse range of real world problems. With this in mind, the Fund not only reports on its direct positive impact on science park ecosystems, but also on the impact its tenants make in terms of the SDGs.

*Mortgages*
a.s.r. defines mortgage loans that make a positive contribution to solving one or more problems in the societal (both social and environmental) field as impact investing. And more specifically, where governments and civil society organisations are not sufficiently able to solve certain (persistent) societal issues on their own. The main target is to generate a measurable positive impact on a sustainable future for people and the planet. These investments are visible in (parts of) concrete products and services. Financial return is important, but not the most important. Currently the Verduurzamingshypotheek, het Energiebespaar Budget (EBB) and the Energiebesparende Voorzieningen (EBV), which can only be used for housing improvements aimed at sustainability, are in line with this definition and are included in a.s.r.'s impact investing figures. Examples of sustainable housing improvements financed through these products include insulation solutions, solar panels and heat pumps.

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

**Institution for Occupational Retirement Provision (IORP)**
IORP is a pension vehicle in the form of a separate legal entity which can operate a DC pension scheme on a separate account basis during the pension accrual phase. When an employee reaches his or her retirement age, the IORP transfers the accrued capital to a pension insurer of the employee's choice to pay the pension benefits. Employers wishing to insure any additional risks (such as survivors' pensions) can do so through an IORP.

**Insurance contracts**
A contract under which one party (a.s.r.) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

**Intangible asset**
An identifiable, non-monetary asset without physical substance.

**Internal FTE**
An employee on an employment contract of definite or indefinite duration with a.s.r. or one of its subsidiaries.

**International Financial Reporting Standards (IFRS)**
As of 1 January 2005, these standards have been the generally accepted international accounting policies that apply to all listed companies in the EU. They make annual results easier to compare and offer a better understanding of a company's financial position and performance.

**International Integrated Reporting Council (IIRC)**
The IIRC is a global coalition of regulators,

investors, companies, standard setters, the accounting profession, academia and NGOs. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting.

**Investment contract**
A life insurance contract that transfers FR with no significant insurance risk.

**Investment property**
Property held to earn rentals or for capital appreciation or both.

**Joint venture**
A contractual arrangement under which two or more parties undertake an economic activity that is subject to joint control.

**Living Wage**
The United Nations' Universal Declaration of Human Rights (1948) states that everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity. A living wage can be defined as: the remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs including provision for unexpected events. A living wage may therefore differ from one country, region or even city to the next.

**Materiality**
An aspect is considered material if it is relevant to the stakeholders, has a reasonably estimable economic, environmental, and / or social impact and can have a major impact on the development of a.s.r. The greater the impact of the aspect on both society and a.s.r.'s business operations, results and strategy, the greater its materiality.

**Net Promoter Score (NPS)**
The NPS is a management tool that can be used to gauge the customer satisfaction of an organisation's customers. It is an alternative way to measure customer satisfaction. These are mostly focused on advisors. a.s.r. does use the NPS-c and the NPS-r. The NPS-c is performed after customers had been in contact with an employee of a.s.r. by phone. The analysis of the customer relationship via the NPS-r is an extension of the analysis compared to the methodology of the NPS-c which only measured customer satisfaction during contact moments. The group target for the 2019-2021 is based on NPS-c, the group target for 2022-2024 is based on NPS-r.

The following question is asked: how likely are you to recommend a.s.r. to your family, friends and colleagues based on your experience with the a.s.r. employee?

Calculation of the NPS: With a score of 9 or 10, the customer is seen as a promoter (recommendation). With a score of 7 or 8, the customer gets the predicate passive. He or she will neither recommend nor discourage the brand. With a score of 0 to 6, the customer will discourage the brand. The NPS term for this is detractor (criticaster).

The NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. The NPS scores presented reflect the year end scores.

**Nil absenteeism**
Nil absenteeism is the percentage of employees who have not reported sick during the reporting period.

**Non-participating life insurance contracts**
In non-participating life insurance contracts, all values relating to the policy (death benefits, cash surrender values, premiums) are usually determined at policy issue, for the life of the contract, and cannot usually be altered after issue.

**Notional amount**
An amount of currency, number of shares, number of units of weight or volume or other units specified in a derivatives contract.

**Operating lease**
A lease that does not transfer substantially all the risk and rewards incidental to ownership of an asset.

**Operating Return on Equity**
A measure of financial performance calculated by dividing the operating result (after hybrid costs and net of taxes) by the average adjusted equity attributable to shareholders for the reporting period.

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

**Organic capital creation (OCC)**
The sustainable creation of capital from both the change in the EEOF and the change in the SCR on Solvency II basis. To express the change in SCR in EOF-equivalent terms, the change in SCR is multiplied by the Solvency II ratio. The OCC consists of three elements: (1) Business Capital Generation, (2) Release of Capital and (3) Technical Movements. In this definition, sustainable means: generated by the company on its own account, net of external and one-off effects. This results in a view on the Solvency II figures that is comparable with the definition of the operational result on IFRS basis.

**Order in Council**
An Order in Council is a decision taken by the Dutch government with respect to statutory provisions.

**Private equity**
An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange. The transfer of private equity is strictly regulated. In the absence of a marketplace, any investor looking to sell their stake in a private company personally has to find a buyer.

**Provision**
A liability of uncertain timing or amount. Provisions are recognised as liabilities if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations (assuming that a reliable estimate can be made).

**Recoverable amount**
The recoverable amount of an asset or a cash-generating unit is its fair value less costs to sell or its value in use, whichever is higher.

**Return on Equity (ROE)**
A measure of financial performance calculated by dividing the net result attributable to holders of equity instruments by the average equity attributable to shareholders for the reporting period.

**Securities lending**
This refers to the lending of securities by one party to another, with the latter agreeing to return the securities on a specified future date. The borrower usually provides the lender with collateral. Securities lending allows the owner of the securities to generate extra income.

**Shadow accounting**
Shadow accounting allows a recognised but unrealised gain or loss on an asset to be transferred to insurance liabilities.

**Socially responsible investment (SRI)**
Investing with due regard for ethical standards, policies and procedures, in line with the interests of a.s.r. stakeholders, where the integration of ESG criteria is key. To achieve this a.s.r. uses multiple ESG approaches such as the exclusion of controversial activities, exclusion of companies and countries due to their ethical performance, the engagement dialogue, the integration of ESG assessments in the portfolio construction and impact investing. A detailed description of a.s.r.'s SRI policy is published on www.asrnl.com.

**Solvency II**
Solvency II is an EU regulatory regime that has been in force in all member states since 1 January 2016. It has introduced a new, harmonised Europe-wide regime for insurance companies and sets regulatory requirements for solvency and risk governance.

**Stakeholders**
Stakeholders are individuals or organisations that have an interest, of whatever nature, in an organisation. They have a link with its activities, share in its earnings, influence its performance and assess its ESG effects. a.s.r.'s main stakeholder groups are customers, employees, investors and the society as a whole.

**Subsidiary**
An entity that is controlled by ASR Nederland N.V. (the parent company) or a subsidiary of ASR Nederland N.V.

**Transaction date**
The date at which a.s.r. enters into the contractual terms of an instrument.

**Trees for All**
Trees for All is a foundation and recognised charity with the Dutch Fundraising Regulator (CBF) quality mark. Trees for all invests in the construction of new forests and the protection of existing forest. These projects generate extra income for the local population and contribute to the restoration of nature and the environment.

**United Nations Global Compact principles (UNGC)**
The UNGC is a non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.

**United Nations Guiding Principles on Business and Human Rights (UNGPs)**
The UNGPs is an instrument consisting of 31 principles implementing the United Nations' Protect, Respect and Remedy framework on the issue of human rights and transnational corporations and other business enterprises.

**United Nations Principles for Responsible Investments (UN PRI)**
The UN PRI is a framework for institutional investors. The principles, which were launched in April 2006, pertain to the integration of ESG aspects into investment policies. For more information, see www.unpri.org.

**Value in use**
Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

**Value Of Business Acquired (VOBA)**
The present value of future profits embedded in acquired insurance contracts. VOBA is recognised as an intangible asset and amortised over the effective life of the acquired contracts.

# 7.8 Abbreviations

| | |
|---|---|
| €STR | Euro Short-Term Rate |
| A&RC | Audit & Risk Committee |
| AEX | Amsterdam Exchange Index |
| AF | Actuarial Function |
| AFM | Dutch Authority for the Financial Markets |
| AGM | Annual General Meeting |
| AI | Artificial Intelligence |
| AIFM | Alternative Investment Fund Managers |
| AIFMD | Alternative Investment Fund Managers Directive |
| ALM | Asset Liability Management |
| AMX | Amsterdam Midcap Index |
| APE | Annual Premium Equivalent |
| APFS | ASR Pensioenfondsen Services |
| AuM | Assets under management |
| AVB | a.s.r. asset management |
| BEC | Business Executive Committee |
| BKR | Credit Registration Office |
| BMR | Benchmarks Regulation |
| bps | Basis points |
| BRC | Business Risk Committee |
| BREEAM | Building Research Establishment Environmental Assessment Methodology |
| BSCR | Basic Solvency Capital Requirement |
| BVPA | Dutch Association for Public Affairs |
| CAPM | Capital Asset Pricing Model |
| CBS | Statistics Netherlands |
| CCA | Client Clearing Agreement |
| CCB | Climate, Community and Biodiversity Standard |
| CCPs | Central Clearing Counterparties |
| CCR | Counterparty Credit Rating (Standard & Poor's) |
| CCT | Central Crisis Team |
| CDD | Customer Due Diligence |
| CDP | Carbon Disclosure Project |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CGU | Cash Generating Unit |
| CHF | Swiss Franc |
| CIC | Central Investment Committee |
| CIS | Central Information System |
| CJEU | Court of Justice of the European Union |
| CLA | Collective Labour Agreement |
| CLFC | Capital Liquidity and Funding Committee |
| CMD | Capital Markets Day |
| $CO_2$ | Carbon dioxide |
| $CO_2e$ | $CO_2$ equivalent |
| CoC | Cost of Capital |
| COO | Chief Operating Officer |
| COR | Combined Ratio |
| COSO | Committee of Sponsoring Organizations of the Treadway Commission |
| CRO | Chief Risk Officer |
| CSA | Credit Support Annex |
| CSM | Contractual Service Margin |
| CSP | Concentrated Solar Power |
| CSR | Corporate Social Responsibility |
| CSRD | Corporate Sustainability Reporting Directive |
| CTO | Chief Technology Officer |
| DB | Defined Benefit |
| DC | Defined Contribution |
| DCF | Discounted cash flow |
| DGBC | Dutch Green Building Council |
| DGI | Diversity, equality and inclusion |
| DJSI | S&P Global Dow Jones Sustainability Index |
| DNB | De Nederlandsche Bank (Dutch Central Bank) |
| DPA | Data Protection Authority |
| DPF | Discretionary Participation Features |
| DKK | Danish krone |
| DUFAS | Dutch Fund and Asset Management Association |
| EB | Executive Board |
| EBB | Energy Saving Budget |
| EBV | Energy Savings Facilities |
| EC | European Commission |
| EDPB | European Data Protection Board |
| EEA | European Economic Area |
| EGM | Extraordinary General Meeting |
| EIOPA | European Insurance and Occupational Pensions Authority |
| eNPS | Employee Net Promoter Score |
| EOF | Eligible Own Funds |
| EONIA | Euro OverNight Index Average |
| ERM | Enterprise Risk Management |
| ESG | Environmental, Social and Governance |
| ESPP | Employee Share Purchase Plan |
| ESI | Ethibel Sustainability Index |
| ESRB | European Systemic Risk Board |
| EU | European Union |
| Euribor | Euro interbank offered rate |
| EU SFAP | European Sustainable Finance Action Plan |
| FMA | Future Management Action |
| FR | Financial Risk |
| FRC | Financial Risk Committee |
| FRM | Financial Risk Management |
| FRPM | Finance, Risk & Performance Management |
| FSCB | Financial Services Complaints Board |
| FTE | Full-Time Equivalent |
| GBP | Pound Sterling |
| GBSM | Group Balance Sheet Management |
| GDP | Gross domestic product |
| GDPR | General Data Protection Regulation |
| GHG | Greenhouse Gas |
| GIS | Geographic Information System |
| GM | General Model |
| GRC | Governance, Risk and Compliance |
| GRESB | Global Real Estate Survey Benchmark |
| GRI | Global Reporting Initiative |
| GRM | Group Risk Management |
| GWP | Gross written premiums |
| HKD | Hong Kong Dollar |
| IAS | International Accounting Standards |
| IASB | International Accounting Standards Board |
| IBNR | Incurred But Not Reported |
| i-CERT | Cyber security partnership between insurance companies |
| IAS | International Accounting Standards |
| IBOR | Interbank offered rates |
| ICT | Information and Communications Technology |

| | |
|---|---|
| IDD | Insurance Distribution Directive |
| IFRS | International Financial Reporting Standards |
| IFSR | Insurer Financial Strength Rating (Standard & Poor's) |
| IIRC | International Integrated Reporting Council |
| IMP | Individual Monitoring Plan |
| IORP | Institution for Occupational Retirement Provision |
| IPO | Initial Public Offering |
| IRBC | International Responsible Business Conduct |
| ISDA | International Swaps and Derivatives Association |
| ISIN | International Securities Identification Number |
| IT | Information Technology |
| IU | Investor Update |
| KNMI | Royal Netherlands Meteorological Institute |
| KPI | Key Performance Indicator |
| kWh | Kilowatt-hour |
| KYC | Know Your Customer |
| LAC DT | Loss-Absorbing Capacity Deferred Tax |
| LAC TP | Loss-Absorbing Capacity of Technical Provisions |
| LAT | Liability Adequacy Test |
| LDI | Liability-Driven Investing |
| LTO | Agriculture and Horticulture Organisation Netherlands |
| LoC | Level of Concern |
| LTV | Loan to Value |
| M&A | Mergers and Acquisitions |
| MC | Model Committee |
| MiFIDII | Markets in Financial Instruments Directive II |
| MSCI | Morgan Stanley Capital International |
| MtM | Mark-to-Market |
| MV | Model Validation |
| N&ESGC | Nomination & ESG Committee |
| NAB | Netherlands Advisory Board on impact investing |
| NCSC | National Cyber Security Centre |
| NFR | Non-Financial risk |
| NFRC | Non-Financial Risk Committee |
| NGOs | Non-governmental and non-profit organisations |
| NHG | National Mortgage Guarantee |
| NLFI | NL financial investments |
| NPS | Net Promoter Score |
| NSLT | Similar to Non-Life Techniques |
| NSR | Dutch Debt Assistance Route |
| NZIA | Net-Zero Insurance Alliance |
| OCC | Organic capital creation |
| OCI | Other comprehensive income |
| OECD | Organisation for Economic Co-operation and Development |
| ORM | Operational Risk Management |
| ORSA | Own Risk and Solvency Assessment |
| OTC | Over the Counter |
| OTSO | Supervised entity |
| P&C | Property & Casualty |
| p.a. | per annum |
| PARP | Product Approval & Review Process |
| PCAF | Partnership for Carbon Accounting Financials |
| PV | Photovoltaics |
| PVFCF | Present value of future cash flows |
| RA | Risk adjustment |
| RAS | Risk Appetite Statements |
| RC | Remuneration Committee |
| RG | Review Group |
| RIVM | Dutch Institute for Public Health and Environment |
| RM | Risk Management |
| RMF | Risk Management Framework |
| RICS | Royal Institution of Chartered Surveyors |
| ROE | Return on Equity |
| RT1 | Restricted Tier 1 |
| RVO | Dutch Enterprise Agency |
| RVU | Early Retirement Regulation |
| S&P | Standard & Poor's |
| SAA | Strategic Asset Allocation |
| SaaS | Software as a Service |
| SB | Supervisory Board |
| SBB | Share buyback |
| SBTi | Science-Based Targets initiative |
| SCC | Standard Contractual Clauses |
| SCR | Solvency Capital Requirement |
| SDGs | Sustainable Development Goals |
| SER | Dutch Social and Economic Council |
| SFCR | Solvency and Financial Condition Report |
| SFDR | Sustainable Finance Disclosure Regulation |
| SG | Steering Group |
| SIRA | Systematic Integrity Risk Analyses |
| SLT | Similar to Life Techniques |
| SME | Small and Medium-sized Enterprises |
| SOFR | Secured Overnight Financing Rate |
| SONIA | Sterling Overnight Index Average |
| SPPI | Solely payment of principle and interest |
| SRA | Strategic Risk Analysis |
| SRI | Socially Responsible Investment |
| TCFD | Task Force on Climate-related Financial Disclosures |
| TIBER | Threat Intelligence-Based Ethical Red team |
| TVOG | Time Value of Financial Options and Guarantees |
| TWD | New Taiwan Dollar |
| UFR | Ultimate Forward Rate |
| UK | United Kingdom |
| UNGC | United Nations Global Compact |
| UNGPs | The United Nations Guiding Principles on Business and Human Rights |
| UN PRI | United Nations Principles for Responsible Investments |
| UPO | Uniform Pension Statement |
| US | United States |
| USD | United States Dollar |
| UWV | Employee Insurance Agency |
| VA | Volatility Adjustment |
| VAT | Value Added Tax |
| VBDO | Dutch Association of Investors for Sustainable Development |
| VCS | Verified Carbon Standard |
| VFA | Variable fee approach |
| VKG | Van Kampen Groep |
| VNAB | Insurance Exchange Association |
| VOBA | Value of Business Acquired |
| VPL | Early retirement and life cycle |
| WCAG | Web Content Accessibility Guidelines |
| Wft | Financial Supervision Act |
| WG | Working Group |
| WGA | Resumption of work by Partially Disabled Persons |
| WIA | Work and Income Act |
| WnP | Employee's pension |

# 7.9 Materiality analysis and stakeholder dialogue

a.s.r. is in dialogue with stakeholders who influence the organisation both directly and indirectly. The main stakeholder groups of a.s.r. are:
- employees
- customers
- advisors
- civil society organisations
- government, tax authorities and regulators
- trade unions
- media
- investors
- suppliers
- academics
- peers and business partners

Strategic, constructive and proactive consultations with all stakeholders are of great importance to a.s.r. a.s.r. does this by means of roadshows, customer or employee surveys, round table sessions, dialogue sessions and participation in sector initiatives. Members of the Executive Board (eB) also regularly engage in dialogue with advisors, shareholders, legislators, politicians and civil society organisations. The purpose of these discussions is to discuss strategic progress, receive feedback on a.s.r.'s contribution to society and discuss developments within the financial sector.

a.s.r. also continuously monitors external trends and developments to determine which topics are most relevant to it and how it can contribute positively to them. Sources used for this purpose include reports by legislative and regulatory bodies, the World Economic Forum and the World Business Council for Sustainable Development. Other sources include scientific research, peer reports and media coverage.

In addition to this continuous stakeholder interaction and trend monitoring, a stakeholder dialogue was held in 2020. This dialogue consisted of two half-day online interactive sessions together with plenary and breakout sessions. Members of the EB attended both plenary and breakout sessions to hear stakeholders' views, answer questions and take part in discussions. a.s.r. carefully selected the stakeholders for this dialogue and ensured a good balance between all stakeholder groups. a.s.r. specifically invited stakeholders with a range of knowledge and experience on different subjects or aspects of the insurance business.

Participants in the stakeholder dialogue were asked to give their views on the strategic dilemmas on which a.s.r. was seeking feedback. The dilemmas focused on the various components of a.s.r.'s business operations: responsible investment policy, products and services and a.s.r.'s own business operations. a.s.r. asked stakeholders in the dialogue for open and honest feedback on various dilemmas, which resulted in highly constructive and frank discussions, with concrete recommendations for a.s.r.

The dilemmas about which a.s.r. requested feedback were linked to the three themes of a.s.r.'s strategic framework for sustainable entrepreneurship: 1. Financial self-sufficiency and inclusiveness, 2. Vitality and (sustainable) employability, 3. Climate change and energy transition (including $CO_2$e reduction and climate adaptation and resilience).

In addition to discussing the dilemmas, the stakeholders present were invited to give feedback on other topics and issues they found relevant, and on a.s.r.'s overall strategy. Part of the dialogue was devoted to helping to define the long-term social role of a.s.r. and what it should look like in the future (2030). Participants were also asked to give their input on the themes and topics most relevant to a.s.r.'s strategy and reporting. This was done with the help of a survey that stakeholders filled in during the dialogue sessions. The results were used to determine the material themes for the 2020 Annual Report. The outcomes of the stakeholder dialogue were also used by the Executive Board and senior management to redefine a.s.r.'s integrated strategy, which focuses on long-term value creation for all stakeholders.

In order to test whether the results of last year's materiality analysis were still up to date, interviews were held with approximately 20 internal and external stakeholders in 2021. The questions specifically asked: What role do you think insurers should play in the transition to a sustainable economy? What do you think a.s.r. should do in the coming years to optimally fulfil this role? Are there any issues or topics which you think are missing (in a.s.r.'s Sustainable Entrepreneurship Strategic Framework) that are material to a.s.r.? Desk research was also carried out on trends and developments in society, in the financial sector, at other insurers and within a.s.r. itself. Key publications and reports published in 2021 were also analysed for their relevance to a.s.r., including The Global Risks Report 2021 16th Edition by the World Economic Forum and Values at Risk? Sustainability risks and goals in the Dutch financial sector by DNB. The result of this review was that the list of material topics has not changed compared to 2020.

### Cooperation with stakeholders

a.s.r. works with peers, social organisations and government agencies to jointly develop policies on sustainability and ESG issues, and to promote their thorough implementation. In 2021, a.s.r. put considerable energy into various joint initiatives to raise awareness of sustainability and ESG risks. For example, a.s.r. is an active member of sector initiatives such as the Dutch Agreement for internationally responsible investment in the insurance sector, the Platform for Sustainable Finance of the DNB and the Partnership for Carbon Accounting Financials (PCAF).

To spread knowledge and inspire others, a.s.r. actively presents its sustainability approach and sustainability activities in a wide range of events, including various seminars and meetings organised by parties such as Change. Inc, MVO Nederland, Financial Investigator and the Dutch Fund and Asset Management Association (DUFAS). The company also organised its own seminars in 2021, such as a seminar on a.s.r.'s vision of the financial markets in 2022. In some cases, a.s.r. also cooperates with civil society organisations, e.g. in chapter 2.7 on the Sustainable Development Goals or chapter 3.2.1 a.s.r. on asset management.

**Materiality analysis and stakeholder dialogue**

| Stakeholder group | Type of interaction | Frequency |
|---|---|---|
| Customers | • Telephone support<br>• Surveys (e.g. NPS)<br>• Webinars<br>• Social media<br>• Stakeholder dialogue | Daily |
| Advisors | • Telephone support<br>• Surveys (e.g. NPS)<br>• Webinars<br>• Social media<br>• Stakeholder dialogue | Daily |
| Employees | • Performance appraisals<br>• Works Council<br>• Social media<br>• Infonet<br>• Staff meetings<br>• Managerial staff meetings<br>• Information and inspiration sessions<br>• Stakeholder dialogue | Daily |
| Financial market players: shareholders, analysts, banks and rating agency S&P | • Meetings with team Investor Relations and Board members<br>• Conference calls with analysts and (potential) investors<br>• Webinars<br>• Road shows<br>• Corporate presentations<br>• Stakeholder dialogue | Almost daily |
| Peers and Business partners | • Meetings<br>• Telephone and email<br>• Stakeholder dialogue | Regularly |
| Regulators and tax authorities | • Meetings with Board members and departments Compliance and Tax<br>• Telephone and email<br>• Stakeholder dialogue | Regularly |
| Government | • Meetings with Board members, senior management and team Public Affairs<br>• Telephone and email<br>• Stakeholder dialogue | Regularly |
| Suppliers | • Consultation at strategic (2-4 times per year), tactical (monthly) and operational (daily) level<br>• Stakeholder dialogue | Regularly |
| Media | • Meetings<br>• Telephone and email<br>• Stakeholder dialogue | Almost daily |

| Stakeholder group | Type of interaction | Frequency |
|---|---|---|
| Trade unions | • Meetings<br>• Telephone and email<br>• Stakeholder dialogue | Quarterly |
| Social partners and organisations | • Meetings with a.s.r. foundation<br>• Telephone and email<br>• Stakeholder dialogue | Regularly |
| Civil society organisations & interest groups | • Events<br>• Partnerships & memberships<br>• Meetings<br>• Telephone and email<br>• Stakeholder dialogue | Regularly |

# 7.10 GRI Content Index

| GRI Content Index | Disclosure | Requirement(s) Omitted | Chapter reference |
|---|---|---|---|
| **Statement of use** | | | |
| | Statement of use | | a.s.r. has reported the information cited in this GRI content index for the reporting period starting on 1 January 2021 and lasting up to and including 31 December 2021 with reference to the GRI Standards. |
| **GRI 1: GRI used** | | | |
| | GRI used | | GRI 1: Foundation 2021 |
| **GRI 2: General Disclosures 2021** | | | |
| **1. The organisation and its reporting practices** | | | |
| 2-1 | Organisational details | | 2.2 and 6.1 |
| 2-2 | Entities included in the organisations sustainability reporting | | 6.7 and 7.6 |
| 2-3 | Reporting, period, frequency and contact point | | 7.6<br>Contact details on the back cover<br>Reporting period 1 January to 31 December 2021<br>Publication date 23 March 2022 |
| 2-4 | Restatements of information | | 7.6 |
| 2-5 | External assurance | | 7.1, 7.2, 7.6 |
| **2. Activites and workers** | | | |
| 2-6 | Activities, value chain and other business relationships | | 2.2, 2.3 |
| 2-7 | Employees | | 7.5 |
| 2-8 | Workers who are not employees | This information is not fully available. The term 'workers' is broadly defined in the GRI. This makes it unfeasible for a.s.r. as an organisation, with an extensive network of intermediaries and subcontractors that fall under the definition, to report the requested information without undue cost or effort. | |
| **3. Governance** | | | |
| 2-9 | Governance structure and composition | | 5.1, 5.2 |
| 2-10 | Nomination and selection of the highest governance body | | 5.1, 5.2 |
| 2-11 | Chair of the highest governance body | | 5.1 |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | | 5.1, 5.2 |
| 2-13 | Delegation of responsibility for managing impacts | | 5.1, 5.2 |

| | Disclosure | Requirement(s) Omitted | Chapter reference |
|---|---|---|---|
| 2-14 | Role of the highest governance body in sustainability reporting | | 5.1, 5.2, 7.6 |
| 2-15 | Conflicts of interest | | 5.1 |
| 2-16 | Communication of critical concerns | | 4.3, 5.1 |
| 2-17 | Collective knowledge of the highest governance body | | 5.1 |
| 2-18 | Evaluation of the performance of the highest governance body | | 5.1 |
| 2-19 | Remuneration policies | | 5.3 |
| 2-20 | Process to determine remuneration | | 5.3 |
| 2-21 | Annual total compensation ratio | | 5.3 |
| **4. Strategy, policies and practices** | | | |
| 2-22 | Statement on sustainable development strategy | | 1.2, 2.2, 5.1 |
| 2-23 | Policy commitments | | 3.4 |
| 2-24 | Embedding policy commitments | | 3.4 |
| 2-25 | Process to remediate negative impacts | | 3.1, 3.2, 3.3, 3.4, 3.6 |
| 2-26 | Mechanisms for seeking advice and raising concerns | | 3.4 |
| 2-27 | Compliance with laws and regulations | | 3.4, 4.3 |
| 2-28 | Membership associations | | 3.2, 3.4, 7.6 |
| **5. Stakeholder engagement** | | | |
| 2-29 | Approach to stakeholder engagement | | 2.6, 7.9 |
| 2-30 | Collective bargaining agreements | | 3.3, 7.5 |
| **GRI 3: Material Topics 2021** | | | |
| 3-1 | Process to determine material topics | | 2.6, 7.9 |
| 3-2 | List of material topics | | 2.6 |
| 3.3 Management of material topics: Meeting customer needs | Actual and potential, positive and negative impact on the economy, environment and people | | 2.1, 2.6, 2.7 |
| | Report if the organisation is involved with the negative impacts through its activities or as a result of its buiness relationships and describe the activities or business relationships | | 2.6, 3.1, 3.2 |
| | Describe the policies or commitments regarding the material topic | | 2.6, 3.1, 3.2 |
| | Describe actions taken to manage the topic and related impacts | | 2.6, 3.1, 3.2 |
| | Report information about tracking the effectiveness of the actions taken | | 2.6, 3.1, 3.2 |
| | Describe how engagement with stakeholders as informed actions taken and how it has informed whether the actions have been effective | | 3.1, 3.2, 7.9 |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | | 3.1, 3.4, 4.3 |

| | Disclosure | Requirement(s) Omitted | Chapter reference |
|---|---|---|---|
| 3.3 Management of material topics: Developing and promoting sustainable products/services | Actual and potential, positive and negative impact on the economy, environment and people | | 2.1, 2.6, 2.7 |
| | Report if the organisation is involved with the negative impacts through its activities or as a result of its buiness relationships and describe the activities or business relationships | | 2.6, 3.1, 3.2 |
| | Describe the policies or commitments regarding the material topic | | 2.6, 3.1, 3.2 |
| | Describe actions taken to manage the topic and related impacts | | 2.6, 3.1, 3.2 |
| | Report information about tracking the effectiveness of the actions taken | | 2.6, 3.1, 3.2 |
| | Describe how engagement with stakeholders as informed actions taken and how it has informed whether the actions have been effective | | 7.9 |
| 3.3 Management of material topics: Socially responsible investments | Actual and potential, positive and negative impact on the economy, environment and people | | 2.1, 2.6 |
| | Report if the organisation is involved with the negative impacts through its activities or as a result of its buiness relationships and describe the activities or business relationships | | 2.6, 3.2 |
| | Describe the policies or commitments regarding the material topic | | 2.6, 3.2 |
| | Describe actions taken to manage the topic and related impacts | | 2.6, 3.2 |
| | Report information about tracking the effectiveness of the actions taken | | 2.6, 3.2 |
| | Describe how engagement with stakeholders as informed actions taken and how it has informed whether the actions have been effective | | 7.9 |

| | Disclosure | Requirement(s) Omitted | Chapter reference |
|---|---|---|---|
| 3.3 Management of material topics: Mitigating and adapting to the consequences of climate change | Actual and potential, positive and negative impact on the economy, environment and people | | 2.1, 2.6, 4.5 |
| | Report if the organisation is involved with the negative impacts through its activities or as a result of its buiness relationships and describe the activities or business relationships | | 2.6, 3.1, 3.2, 4.5 |
| | Describe the policies or commitments regarding the material topic | | 2.6, 3.1, 3.2, 4.5 |
| | Describe actions taken to manage the topic and related impacts | | 2.6, 3.1, 3.2, 4.5 |
| | Report information about tracking the effectiveness of the actions taken | | 2.6, 3.1, 3.2, 4.5 |
| | Describe how engagement with stakeholders as informed actions taken and how it has informed whether the actions have been effective | | 7.9 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | As an insurance company, a.s.r. mainly uses energy to keep its offices operational (e.g. cooling and heating). The electricity consumption is expressed in kWh. Gas consumption is expressed in m$^3$. | 3.4, 7.5 |
| | 302-2 Energy consumption outside of the organization | a.s.r.'s energy consumption outside its own organisation is very limited because a.s.r. is a service provider. No raw materials are purchased and the products sold do not consume any energy. | 3.4, 7.5 |
| | 302-3 Energy intensity | | 3.4, 7.5 |
| | 302-4 Reduction of energy consumption | a.s.r. has formulated a $CO_2$ target with 2018 as the base year. The target year for energy consumption is 2030. | 3.4, 7.5 |
| | 302-5 Reductions in energy requirements of products and services | This topic is not applicable to a.s.r. because the products and services produced by a.s.r. do not directly consume energy. | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | a.s.r. only reports $CO_2$ emissions because other emissions are not materially relevant. | 3.4, 7.5 |
| | 305-2 Energy indirect (Scope 2) GHG emissions | a.s.r. only reports $CO_2$ emissions because other emissions are not materially relevant. | 3.4, 7.5 |
| | 305-3 Other indirect (Scope 3) GHG emissions | a.s.r. only reports $CO_2$ emissions because other emissions are not materially relevant. | 3.4, 7.5 |
| | 305-4 GHG emissions intensity | Information is incomplete. a.s.r. does not use energy intension numbers for its own energy usage, instead GHG emission intensity numbers are used. For investments ton $CO_2$e/m€ is used. | 3.4, 7.5 |

| | Disclosure | Requirement(s) Omitted | Chapter reference |
|---|---|---|---|
| | 305-6 Emissions of ozone-depleting substances (ODS) | Not applicable for a.s.r. Given the business activities of a.s.r., ODS and other emissions are not material. | |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Not applicable for a.s.r. Given the business activities of a.s.r., NOx, SOx and other emissions are not material. | |
| 3.3 Management of material topics: Robust financial framework | Actual and potential, positive and negative impact on the economy, environment and people | | 2.5, 2.6, 4.1, 6 |
| | Report if the organisation is involved with the negative impacts through its activities or as a result of its buiness relationships and describe the activities or business relationships | | 2.6, 4.1 |
| | Describe the policies or commitments regarding the material topic | | 4.1, 6 |
| | Describe actions taken to manage the topic and related impacts | | 4.1, 6 |
| | Report information about tracking the effectiveness of the actions taken | | 4.1, 6 |
| | Describe how engagement with stakeholders as informed actions taken and how it has informed whether the actions have been effective | | 7.9 |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | | 2.5, 3.5, 6.2 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | | 4.2, 4.5, 6.8 |
| | 201-3 Defined benefit plan obligations and other retirement plans | | 6.5 |
| | 201-4 Financial assistance received from government | Not applicable since a.s.r. receives no state aid. | |
| GRI 207: Tax 2019 | 207-1 Approach to tax | | 3.4, For additional information see the a.s.r. taxpolicy at www.asrnl.com/-/media/files/asrnederland-nl/duurzaam-ondernemen/duurzame-belastingbetaler/sustainable-taxpayer.pdf?la=en |
| | 207-2 Tax governance, control, and risk management | | 3.4, For additional information see the a.s.r. taxpolicy at www.asrnl.com/-/media/files/asrnederland-nl/duurzaam-ondernemen/duurzame-belastingbetaler/sustainable-taxpayer.pdf?la=en |

| | Disclosure | Requirement(s) Omitted | Chapter reference |
|---|---|---|---|
| | 207-3 Stakeholder engagement and management of concerns related to tax | | 3.4, For additional information see the a.s.r. taxpolicy at www.asrnl.com/-/media/files/asrnederland-nl/duurzaam-ondernemen/duurzame-belastingbetaler/sustainable-taxpayer.pdf?la=en |
| | 207-4 Country-by-country reporting | Country-by-country reporting is not applicable for a.s.r. Since a.s.r. operates almost exclusively in the Netherlands, country-by-country reporting is not a relevant topic. | |
| 3.3 Management of material topics: Contributing to financial self-reliance | Actual and potential, positive and negative impact on the economy, environment and people | | 2.6, 7.5 |
| | Report if the organisation is involved with the negative impacts through its activities or as a result of its buiness relationships and describe the activities or business relationships | Not applicable for a.s.r. because a.s.r. has no activities with negative impacts for this material topic. | |
| | Describe the policies or commitments regarding the material topic | | 2.6, 3.1, 3.6 |
| | Describe actions taken to manage the topic and related impacts | | 2.6, 3.1, 3.6 |
| | Report information about tracking the effectiveness of the actions taken | | 2.6, 3.1, 3.6 |
| | Describe how engagement with stakeholders as informed actions taken and how it has informed whether the actions have been effective | | 2.6, 7.9 |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | | 3.1, 3.2, 3.6, 7.9 |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | Not applicable for a.s.r. because a.s.r. has no activities with significant actual and potential negative impacts on local communities | |
| 3.3 Management of material topics: Supporting vitality | Actual and potential, positive and negative impact on the economy, environment and people | | 2.6, 3.1, 3.3, 7.5 |
| | Report if the organisation is involved with the negative impacts through its activities or as a result of its buiness relationships and describe the activities or business relationships | Not applicable for a.s.r. because a.s.r. has no activities with negative impacts for this material topic. | |
| | Describe the policies or commitments regarding the material topic | | 2.6, 3.1, 3.3 |

| | Disclosure | Requirement(s) Omitted | Chapter reference |
|---|---|---|---|
| | Describe actions taken to manage the topic and related impacts | | 2.6, 3.1, 3.3 |
| | Report information about tracking the effectiveness of the actions taken | | 2.6, 3.1, 3.3 |
| | Describe how engagement with stakeholders as informed actions taken and how it has informed whether the actions have been effective | | 7.9 |
| 3.3 Management of material topics: Contributing to sustainable employability | Actual and potential, positive and negative impact on the economy, environment and people | | 2.6, 7.5 |
| | Report if the organisation is involved with the negative impacts through its activities or as a result of its buiness relationships and describe the activities or business relationships | Not applicable for a.s.r. because a.s.r. has no activities with negative impacts for this material topic. | |
| | Describe the policies or commitments regarding the material topic | | 2.6, 3.1, 4.1 |
| | Describe actions taken to manage the topic and related impacts | | 2.6, 3.1, 4.1 |
| | Report information about tracking the effectiveness of the actions taken | | 2.6, 3.1, 4.1 |
| | Describe how engagement with stakeholders as informed actions taken and how it has informed whether the actions have been effective | | 7.9 |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | a.s.r. publishes new employee and turnover figures on a total level, no distinction is made between age, gender and region. | 3.3, 7.5 |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | This disclosure is not applicable for a.s.r. since a.s.r. makes no distinction between full-time and part-time employees. All benefits are laid down in the CLA that applies to every a.s.r. employee. | |
| | 401-3 Parental leave | Information unavailable, a.s.r. does not report externally in detail on the extent to which parental facilities are used. Parental leave is part of a.s.r.'s CLA. | |
| GRI 402: Labor/Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | This disclosure is not applicable for a.s.r. In the Netherlands, the rights of employees in organizational changes are laid down by law. Within a.s.r. organizational changes take place in close consultation with the employee participation bodies. | 5.4 |

| | Disclosure | Requirement(s) Omitted | Chapter reference |
|---|---|---|---|
| GRI 403: Occupational Health and Safety 2018 | 403-2 Hazard identification, risk assessment, and incident investigation | Information is unavailable. Within a.s.r. mainly office work is carried out, so that the dangers are limited. Risk inventories are carried out on a regular basis. | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Information on training by gender and / or employee category is not available. When reporting on training hours per FTE, a.s.r. does not distinguish between women and men because the starting point is that everyone should have equal opportunities. | 7.5 |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | | 3.3 |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Information about the percentage of the total workforce per gender and per employee category that has had a periodic performance and career development reviews is not available. Management annually discusses with all employees their progress, including the following career steps. | 3.3 |
| 3.3 Management of material topics: Fostering divesity and inclusion | Actual and potential, positive and negative impact on the economy, environment and people | Periodic performance and career development reviews is not available. Management annually discusses with all employees their progress, including the following career steps | 2.6, 7.5 |
| | Report if the organisation is involved with the negative impacts through its activities or as a result of its buiness relationships and describe the activities or business relationships | Not applicable for a.s.r. because a.s.r. has no activities with negative impacts for this material topic. | |
| | Describe the policies or commitments regarding the material topic | | 3.3, 5.1 |
| | Describe actions taken to manage the topic and related impacts | | 3.3, 5.1 |
| | Report information about tracking the effectiveness of the actions taken | | 3.3, 5.1 |
| | Describe how engagement with stakeholders as informed actions taken and how it has informed whether the actions have been effective | | 7.9 |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | | 7.5 |
| | 405-2 Ratio of basic salary and remuneration of women to men | No ratios are reported. a.s.r. reports the hourly salaries of men and women at various levels in the organization in euros. | 3.3, 7.5 |

| | Disclosure | Requirement(s) Omitted | Chapter reference |
|---|---|---|---|
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | a.s.r. reports the number of violations of the code of conduct including possible cases of discrimination. Including the measures taken. | 3.4 |
| 3.3 Management of material topics: Biodiversity and ecosystem services | Actual and potential, positive and negative impact on the economy, environment and people | | 2.6, 7.5 |
| | Report if the organisation is involved with the negative impacts through its activities or as a result of its buiness relationships and describe the activities or business relationships | | 2.7, 3.2 |
| | Describe the policies or commitments regarding the material topic | | 2.7 |
| | Describe actions taken to manage the topic and related impacts | Information unavailable. a.s.r. signed the Finance for Biodiversity Pledge in September 2020 and will develop biodirversity policies and targets and report on the positive and negative contributions. | |
| | Report information about tracking the effectiveness of the actions taken | Information unavailable. a.s.r. signed the Finance for Biodiversity Pledge in September 2020 and will develop biodirversity policies and targets and report on the positive and negative contributions. | |
| | Describe how engagement with stakeholders as informed actions taken and how it has informed whether the actions have been effective | | 7.9 |
| GRI 304: Biodiversity 2016 | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | This disclosure is not applicable for a.s.r. since it has no activities adjacent to or in protected areas. | |
| | 304-2 Significant impacts of activities, products and services on biodiversity | Information requested is not yet available. In the coming period, the impact of a.s.r.'s activities on biodiversity will be investigated. And will be reported in 2024 at the latest. | |
| | 304-3 Habitats protected or restored | Information requested is not yet available. In the coming period, the impact of a.s.r.'s activities on biodiversity will be investigated. And will be reported in 2024 at the latest. | |
| | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | Information requested is not yet available. In the coming period, the impact of a.s.r.'s activities on biodiversity will be investigated. And will be reported in 2024 at the latest. | |

# 7.11 TCFD recommendations

**TCFD recommendations**

| TCFD Recommended Disclosures | | Annual Report reference | Climate report 2021 reference |
|---|---|---|---|
| Governance | a. Describe the board's oversight of climate related risks & opportunities | 4.5 and 5.1 | 3.4 |
| | b. Describe management's role in assessing and managing climate-related risks & opportunities | 4.2 and 4.5 | 3.4 |
| Strategy | a. Describe the climate-related risks & opportunities the organisation has identified over the short, medium, and long-term | 4.5 | 2, 3 and 4 |
| | b. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy & financial planning | 4.5 | 2, 3 and 4 |
| | c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including two-degree or lower scenarios | 4.5 | 3.3.3 |
| Risk management | a. Describe the organisation's processes for identifying and assessing climate-related risks | 4.5 | 3.3.3 |
| | b. Describe the organisation's processes for managing climate-related risks | 4.5 | 3.3.3 |
| | c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated in the organisation's overall risk management | 4.2 and 4.5 | 3.3.3 |
| Metrics & targets | a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process | 2.3, 4.1 and 4.5 | 3.1 and 4 |
| | b. Disclose Scope 1, Scope 2, and, if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks | 7.5 | 4 |
| | c. Describe the targets used by the organisation to manage the climate-related risks and opportunities and performance against targets | 3.4.7 | 3.1 |

# 7.12 **EU Directive:** disclosure on non-financial and diversity information

**Reference table**

| Topic | Subtopic | Included (yes / no) | Chapter reference |
|---|---|---|---|
| Business model | - | Yes | Chapter 2.1 |
| Relevant social and personnel matters (e.g. HR, safety etc.) | A description of the policies pursued, including due diligence. | Yes | Chapter 3.3 |
| | The outcome of those policies. | Yes | Chapter 3.3 |
| | Principle risks in own operations and within value chain. | Yes | Chapter 4.2 |
| | How risks are managed. | Yes | Chapter 4.2 |
| | Non-financial key performance indicators. | Yes | Chapter 1.1, 2.5, 3.3, 3.6, 7.5 |
| Relevant environmental matters (e.g. climate-related impacts) | A description of the policies pursued, including due diligence. | Yes | Chapter 3.2, 3.4, 4.4, 4.5 |
| | The outcome of those policies. | Yes | Chapter 3.2, 3.4, 4.4, 4.5 |
| | Principle risks in own operations and within value chain. | Yes | Chapter 4.2, 4.5 |
| | How risks are managed. | Yes | Chapter 4.2, 4.5 |
| | Non-financial key performance indicators. | Yes | Chapter 1.1, 2.5, 3.4, 4.5, 7.5 |
| Climate change | A description of the policies pursued, including due diligence. | Yes | Chapter 4.5 |
| | The outcome of those policies. | Yes | Chapter 4.5 |
| | Principle risks in own operations and within value chain. | Yes | Chapter 4.5 |
| | How risks are managed. | Yes | Chapter 4.5 |
| | Non-financial key performance indicators. | Yes | Chapter 4.5, 7.5 |
| Relevant matters with respect for human rights (e.g. labour protection) | A description of the policies pursued, including due diligence. | Yes | Chapter 3.1, 3.2, 3.4 |
| | The outcome of those policies. | Yes | Chapter 3.1, 3.2, 3.4 |
| | Principle risks in own operations and within value chain. | Yes | Chapter 3.1, 3.2, 3.4 |
| | How risks are managed. | Yes | Chapter 3.2, 3.4 |
| | Non-financial key performance indicators. | Yes | Chapter 1.1, 2.5, 3.4, 7.5 |

| Topic | Subtopic | Included (yes / no) | Chapter reference |
|---|---|---|---|
| Relevant matters with respect to anti-corruption and bribery | A description of the policies pursued, including due diligence. | Yes | Chapter 3.1, 3.2, 3.4 |
| | The outcome of those policies. | Yes | Chapter 3.1, 3.2, 3.4 |
| | Principle risks in own operations and within value chain. | Yes | Chapter 3.1, 3.2, 3.4 |
| | How risks are managed. | Yes | Chapter 3.1, 3.2, 3.4 |
| | Non-financial key performance indicators. | Yes | Chapter 3.2, 3.4, 7.5 |
| Insight into the diversity (EB and the SB) | A description of the policies pursued. | Yes | Chapter 2.2, 2.6, 2.7, 3.2, 3.3, 5.1 |
| | Diversity targets. | Yes | Chapter 2.7, 3.3, 5.1 |
| | Description of how the policy is implemented. | Yes | Chapter 2.7, 3.3, 5.1 |
| | Results of the diversity policy. | Yes | Chapter 2.7, 3.3, 5.1, 7.8 |

# Contact details

## Contact

We like to receive feedback or questions from our stakeholders on our annual report. If you want to give us feedback, please feel free to contact us.

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## Publication

**Design & Realisation**
Cascade - visuele communicatie bv
Tangelo Software B.V.

**Photography**
Cover: Stock photography
Chapter 1: Stock photography
Chapter 2: Joni Isreali, Raphaël Drent, stock photography
Chapter 3: Raphaël Drent, Joni Isreali, Frank Zilver, stock photography
Chapter 4: Joni Isreali, stock photography
Chapter 5: Raphaël Drent, stock photography
Chapter 6: Stock photography
Chapter 7: Stock photography

**Text**
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