



ACTIAM NV
Annual Report 2020



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1 Management Board Report

1.1 GENERAL

ACTIAM NV (ACTIAM) is fund manager and asset manager and is a wholly owned subsidiary of Athora Netherlands NV (as of 10 December 2020 VIVAT NV has changed its name into Athora Netherlands NV (Athora Netherlands)). ACTIAM has its registered office located in Utrecht, the Netherlands and has its principal place of business located at De Entree 95 (AlphaTower, 21st floor), 1101 BH Amsterdam, the Netherlands.

ACTIAM is an alternative investment fund manager within the meaning of section 2:65, and has a license based on 2:67(1), of the Dutch Financial Supervision Act. Under its license ACTIAM is authorised to provide the following MIFID II services: receipt and transmission of orders in relation to one or more financial instruments, discretionary investment management services and investment advice.

Information about ACTIAM is also published on its website: www.actiam.com.

STRATEGY

ACTIAM is an asset manager that offers sustainable investment strategies and solutions to insurance companies, pension funds, banks and distribution partners, primarily in the Dutch market and Northern Europe. Actively and passively managed investment funds as well as mandates are part of this offering. ACTIAM's mission is to deliver relevant investment solutions, maximizing longer-term financial, environmental and social returns. At ACTIAM, financial and social return go together. We are 'Responsible for Growth'.

ACTIAM recognises that companies and countries that have prepared for the transition to sustainability perform better than those that do not consider the changing material environmental, social and governance (ESG) requirements of society. Based on seven Material Sustainability Drivers ACTIAM monitors how investments have the capacity to adapt to these social and market changes caused by this transition. ACTIAM adopts a holistic and forward-thinking approach to all the companies and countries in which it invests on behalf of clients. This plays an important role in the risk management of investments on behalf of ACTIAM's clients and fund participants, in stimulating behavioural change and in contributing towards achieving the Sustainable Development Goals (SDGs). ACTIAM works with scientifically based goals and bases its activities on an innovative, data driven approach and reports not only on financial returns but also on the social impact of the investments, amongst others in terms of a carbon and water footprint, ESG risks and engagement outcomes.

ACTIAM's Sustainable Investment Policy stimulates companies and countries to prosper while operating within the planetary boundaries and respecting the social foundations of society. However, the basis of ACTIAM's policy is that companies and countries have to comply with ACTIAM's socio-ethical investment principles, namely the Fundamental Investment Principles. These principles define the bottom-line of our investments. Companies and countries not complying with these principles are not included in the investment universe.

NOTABLE ACHIEVEMENTS IN 2020

During 2020, the impact of COVID-19 and Brexit dominated the financial markets. During these difficult market circumstances, we are proud to mention that all ACTIAM funds achieved a good year-to-date investment performance compared to the benchmarks, with ACTIAM's Global Equity Impact strategy showing an outperformance of almost 11%.

The book of business of ACTIAM in terms of Assets under Management (AuM) dropped to € 58.1 billion (December 2019: € 63.8 billion). This was primarily caused by the (partial) termination by a prominent distributor from the Funds (announced at the end of 2019), a client transferring to a fiduciary manager, and partly offset by market movements and inflows from other clients.

The market demand for sustainable investment funds is increasing, as well as the competition in this area. As such, ACTIAM addresses this by optimizing its sustainable investment policy and restructuring its range of investment funds. For example, ACTIAM has raised the bar for its index funds by making them more sustainable: companies should be adaptive to enable them to respond to the social and market changes caused by the transition to sustainability. At the same time, multiple index equity funds have been consolidated into one fund

per region in order to achieve efficiency. Furthermore, most of the index equity funds have been made more competitive with a lower management fee.

ACTIAM's sustainable investment and impact strategies have won multiple prizes and received several recognitions. Following last year's success, ACTIAM was once again awarded with two prestigious Refinitiv Lipper Fund awards. This year, ACTIAM was the Awards 2020 Winner for the Netherlands with the ACTIAM Duurzaam Mixfonds Offensief (best fund on a three-year basis) and the Group Awards 2020 Winner for the Netherlands with the ACTIAM Mixed Assets funds (best group funds on a three-year basis). ACTIAM was also proud winner of the 2020 CashCow award for best impact investor and received a nomination for best provider of sustainable investment funds as well.

Moreover, ACTIAM was qualified as a member of the 2020 Leaders' Group on climate reporting by the Principles for Responsible Investments (PRI). ACTIAM ranks amongst the top of global sustainable investors. This recognition came after ACTIAM had already received the highest achievable scores (A+) for sustainable investing in the PRI's annual assessment of the implementation of asset managers' investment policy to stimulate responsible investments. An A+ score in the 2020 PRI Inclusive Finance assessment report was received as well as a 51 out of 62 score from Phenix GEMS, which underlines ACTIAM's leading position in impact investing.

FUND MANAGEMENT

ACTIAM is the Alternative Investment Fund Manager (AIFM) of the following funds as per 26 March 2021:

- ACTIAM Beleggingsfondsen NV;
- ACTIAM Beleggingsfondsen II;
- ACTIAM Duurzaam Index Aandelenfonds Europa;
- ACTIAM Duurzaam Index Aandelenfonds Noord-Amerika;
- ACTIAM Duurzaam Index Aandelenfonds Pacific;
- ACTIAM Duurzaam Index Aandelenfonds Opkomende Landen;
- ACTIAM Sustainable Equity Index Fund Europe;
- ACTIAM Sustainable Equity Index Fund North America;
- ACTIAM Sustainable Equity Index Fund Pacific;
- ACTIAM Sustainable Emerging Markets Debt Fund (H.C.);
- ACTIAM Financial Inclusion Fund;
- ACTIAM-FMO SME Finance Fund I;
- Euro Short Duration Pool;
- Euro Obligatiepool;
- Euro Aandelenpool;
- Amerika Aandelenpool;
- Azië Aandelenpool;
- Euro Vastgoedfondsenpool;
- Global Emerging Markets Equity Pool;
- Global Equity Impact Pool;
- Zwitserleven Beleggingsfondsen; and
- Zwitserleven Institutionele Beleggingsfondsen.

ASN Beleggingsfondsen Beheer BV (ABB) has appointed ACTIAM as discretionary investment manager of the following funds:

- ASN Aandelenpool;
- ASN Obligatiepool; and
- ASN Mixpool.

ACTIAM serves as Managing Board of the following legal entities:

- Stichting Juridisch Eigenaar Zwitserleven Beleggingsfondsen;
- Stichting Juridisch Eigenaar ACTIAM Institutional Microfinance Fund III;
- Stichting Juridisch Eigenaar ACTIAM Beleggingsfondsen; and
- Stichting Juridisch Eigenaar ACTIAM SME Finance Fund.

ASSET MANAGEMENT

ACTIAM manages the assets of institutional investors, of which Athora Netherlands and its subsidiaries represent the largest share, divided over own account and unit linked distribution assets. ACTIAM also manages assets for a select group of external institutional investors.

OTHER ACTIVITIES

The ACTIAM Sustainability & Strategy team conducts ESG (Environment, Social and Governance) research, policy setting, voting, and engagement for investment funds and institutional clients.

1.2 KEY DEVELOPMENTS

1.2.1 ORGANISATIONAL DEVELOPMENTS

On 7 June 2019, VIVAT - the parent company of ACTIAM - was notified by its shareholder Anbang Insurance Group Co. Ltd. ("Anbang") that an agreement had been reached with Athora Holdings Ltd and NN Group N.V. on the sale of the shares in VIVAT. On 19 March 2020, VIVAT was informed that Athora had received a declaration of no objection from 'De Nederlandsche Bank' (DNB) for the acquisition of VIVAT by Athora. On 2 April 2020, Athora announced that it had completed the acquisition of VIVAT by acquiring 100% of the shares from Anbang. Athora subsequently sold 100% of the shares of the Property and Casualty business (VIVAT Schadeverzekeringen N.V.) to NN Group. As of 10 December 2020, VIVAT has undergone a name change to Athora Netherlands.

This change in ownership of ACTIAM's parent company was a good opportunity to carry out a strategy review to make certain ACTIAM's business strategy is future proof. Parallel to this review ACTIAM's capabilities were assessed by an external consultant to determine its competitiveness and whether these capabilities are able to meet (future) demand.

The assessment confirmed ACTIAM's leading position in both ESG and impact investing as well as our equity capabilities. Given the available resources and infrastructure it was recommended to offer a more concentrated range of investment solutions and services.

Amongst others, it was decided that ACTIAM will focus mainly on its home market - the Netherlands- as well as Northern Europe. As a result, ACTIAM has decided to discontinue offering its Luxembourg fund range as managed by Carne Global Fund Managers (Luxembourg) S.A. Furthermore, a more concentrated offering is being achieved through the restructuring of the current fund range. As part of the strategic reorientation, Athora Netherlands is exploring strategic options for its asset manager ACTIAM. It was decided that ACTIAM will focus on Athora Netherlands' unit-linked business, including funds and mandates for external institutional and wholesale clients in the Netherlands and Northern Europe, and third party distribution. This means that it will stop the asset management activities for Athora Netherlands' own account. This entails that AuM related to own account assets of € 37.8 billion (on 31 December 2020) and 16 FTE of ACTIAM staff are to be transferred to Athora Netherlands.

After the success in 2019, ACTIAM has in 2020 again committed itself to the Dutch charity "Het Oranje Fonds". Like last year, it was the intention to support this charity both financially and in kind (volunteer work, knowledge transfer etc.). However, due to the corona virus measures the in-kind activities have been postponed till further notice. This crisis has an impact on society as a whole, which makes it even more valuable to commit ourselves to this charity that has a broad target group of (amongst others) elderly people, young people and refugees.

1.2.2 DEVELOPMENTS IN ASSETS UNDER MANAGEMENT

As of 31 December 2020, the total AuM of ACTIAM was € 58.1 billion (ultimo 2019: € 63.8 billion) of which € 17.1 billion consisted of assets in investment funds (ultimo 2019: € 17.8 billion). As of 31 December 2020, the AuM which is attributable to own account assets was € 37.8 billion (ultimo 2019: € 39.1 billion). Total AuM decreased by € 5.7 billion compared to ultimo 2019. The decrease in AuM was the result of reallocation of funds by a distribution partner, the sale of Athora Netherlands' Property and Casualty business and an exit of a large customer, partly compensated by inflows and favorable markets.

Assets under Management

| in € millions | ASSETS UNDER MANAGEMENT |
|------------------|-------------------------|
| 31 December 2020 | 58,107 |
| 30 June 2020 | 59,647 |
| 31 December 2019 | 63,829 |
| 30 June 2019 | 60,505 |
| 31 December 2018 | 56,105 |
| 30 June 2018 | 56,279 |
| 31 December 2017 | 54,125 |
| 30 June 2017 | 54,123 |
| 31 December 2016 | 54,626 |
| 30 June 2016 | 55,884 |
| 31 December 2015 | 52,056 |

Financial Markets

Developments in AuM are influenced by external factors including the trends in global financial markets.

Fixed Income

Central banks and governments have managed to calm the financial markets during the corona crisis by providing sufficient liquidity. It was feared that a repetition of the credit crisis of 2008 would take place. During the credit crisis banks were no longer able to meet their short term obligations. The credit crisis proved that monetary and fiscal actions by central banks and governments needed be swift and of substantial size. The monetary and fiscal programs in response to the corona crisis came quickly and were substantial. The balance sheets of central banks' have grown as much as \$ 4,500 billion as compared to the end of 2019. This pushed worldwide credit yields downwards. The yield on 10-year German government bonds fell from -0.19% to -0.57% in 2020. The ECB launched an additional bond buying program and expanded the existing program to EUR 1,350 billion. Despite some initial disagreements, EU leaders agreed on a recovery fund of € 750 billion. As a result, the spreads between Germany and other countries within the eurozone tightened to the lowest levels of the year. Credit spreads tightened to pre-corona levels. Therefore ACTIAM's sustainable fixed income strategy ended 2020 with a positive absolute performance of 2.5%.

Equity Markets

The equity markets plunged into a terrifying roller coaster in the first six months of the year. The first quarter ranked at the top of the worst quarters ever for equity markets, whereas the second quarter ranked in the list of best quarters in history. On balance, there was a limited loss in the first half year of 2020. The second half of the year started quietly, however as the US presidential election drew closer, equity markets became more restless. Investors were concerned that Trump would not accept a loss and that it would lead to riots. On top of this came the announcement of two vaccines at the beginning of November. This news was the trigger for a significant rise in equity market valuations. Many equity markets ended the turbulent year 2020 with a gain, whilst Europe was the exception due to the relatively high presence of commodity-related companies and financials as it performed the worst financially with a performance of -3%. North America was the best performing region and gained 10%, closely followed by Emerging Markets (+ 9%) and subsequently Pacific with +3%.

1.3 **COMPOSITION OF THE MANAGEMENT BOARD**

On 31 December 2020, the ACTIAM Management Board consists of F.L. Kusse (Chief Executive Officer, CEO) and D.G. Keiller (Chief Transformation Officer, CTO). The board members have extensive experience and expertise in the asset and fund management industry at management level. The AFM has approved the members and the composition of the ACTIAM Management Board. On 7 April 2020, F.L. Kusse assumed the role of CEO succeeding W. Borgdorff, who has stepped down as of this date due to personal reasons. In addition, W.M. Schouten decided to continue her career outside of ACTIAM and stepped down as Chief Risk Officer (CRO) on 1 May 2020. D.G. Keiller has assumed the role of CRO a.i.

1.4 **RESPONSIBLE INVESTMENT MANAGEMENT**

The COVID-19 pandemic prompted the most severe market crash since the global financial crisis. However, for investors such as ACTIAM with a strong focus on sustainability, there was some comfort to be found in the relative resilience of its investment funds. The crisis has accelerated the need for a different approach to investing, as parallels are drawn between the unforeseen risks of a pandemic and upcoming issues such as climate change and loss of biodiversity. In this context, the further improvement in the sustainability profile of ACTIAM's index funds taking place at the start of the pandemic in Europe came right on time. These adjustments have furthered ACTIAM's progress with respect to its sustainability objectives and contributed to ACTIAM being qualified as a World Leader 2020 by the Principles for Responsible Investments (PRI).

Raising the bar for sustainable passive investments

In the second quarter of 2020, ACTIAM increased the sustainability profile of its index funds. In addition to social and ethical principles, ACTIAM now also performs stricter screening on financial and material principles. The percentage of companies excluded in relation to being deemed inadequately prepared for the transition to a sustainable society, has increased on average from 5% to 20% of the respective benchmarks.

To be investable, companies need to have adequate adaptive capacity to make the transition towards a sustainable business model. Based on seven fundamental material principles, ACTIAM assesses whether companies are preparing themselves for the transition to a sustainable society and whether they are operating within the limits of our planet. ACTIAM was already applying these principles in all its actively managed funds and mandates and has now implemented this for its index funds as well.

Progress on sustainability objectives

ACTIAM measures progress towards the objectives it has set. For climate change, the target is to reduce the carbon emission intensity in 2030 as compared to 2010. This objective is in line with the calculations of the Intergovernmental Panel on Climate Change (IPCC) in relation to the required reduction to limit global warming to a maximum of 2 degrees. ACTIAM's long-term objective is to achieve climate neutrality. An intermediate step is to reduce the greenhouse gas intensity of ACTIAM's investments by at least 30% in 2030 compared to 2010 levels.

In the period 2010-2020, ACTIAM achieved a total reduction of the carbon intensity of 65% across its investments. This reduction has been achieved by further refining ACTIAM's screening criteria, whereby companies with high carbon emissions and no potential for behavioural change are excluded. Another driver for the reduction is the introduction of energy-efficient and renewable technologies causing companies to emit less carbon. Even though ACTIAM achieved its intermediate target, ACTIAM remains alert towards further reducing its carbon footprint with the goal to reach climate neutrality by 2050.

ACTIAM's target is water-neutral investment portfolios by 2030. A water-neutral portfolio implies ACTIAM aims for reduced water usage in areas where water is scarce and for better access to water and better water quality. During the period 2016-2020, ACTIAM reduced the scarce water use of its investment portfolios by 35%. To further reduce its water footprint, ACTIAM continues to engage companies in water scarce areas, for example the mining sector, to be transparent about the water resource risks, to improve water-related risk management and to reduce the water footprint of the operational production processes.

World leader in climate reporting

In 2020, ACTIAM was qualified as a world leader in climate reporting by the Principles for Responsible Investments (PRI). ACTIAM has been identified as an industry leader in its strategic approach to climate risks and its reporting which aligns with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations. ACTIAM is considered a frontrunner and a role model for its excellent methods of investment in the climate domain.



1.5 **REGULATORY REQUIREMENTS**

As a licensed alternative investment fund manager ACTIAM is primarily subject to Directive 2011/61/EU on Alternative Investment Fund Managers (AIFM Directive), as implemented in the Dutch Financial Supervision Act (Dutch acronym: Wft) and regulations and acts based on it. For the provision of ancillary MiFID II services ACTIAM is subject to the relevant requirements of Directive 2014/65/EU on markets in financial instruments (MiFID II Directive) as implemented in the Wft, including applicable delegated directives & regulation. ACTIAM has designed its organisational structure to ensure that it meets the regulatory requirements.

1.6 **RISK MANAGEMENT**

1.6.1 **RISK APPETITE**

ACTIAM's risk appetite has been described in the ACTIAM Enterprise Risk Management framework and is updated on an annual basis. This risk appetite statement specifies the risk level that ACTIAM is willing to accept and is used as a basis for a number of policies implemented within the organisation. The risk level is translated into the key risk indicators which are periodically reported to the RMC. In 2020 no exceedance of risk tolerances occurred. An important attention point was related to human resources due to the uncertainty regarding the transfer of ownership and the working from home situation as a consequence of COVID-19.

1.6.2 **GOVERNANCE**

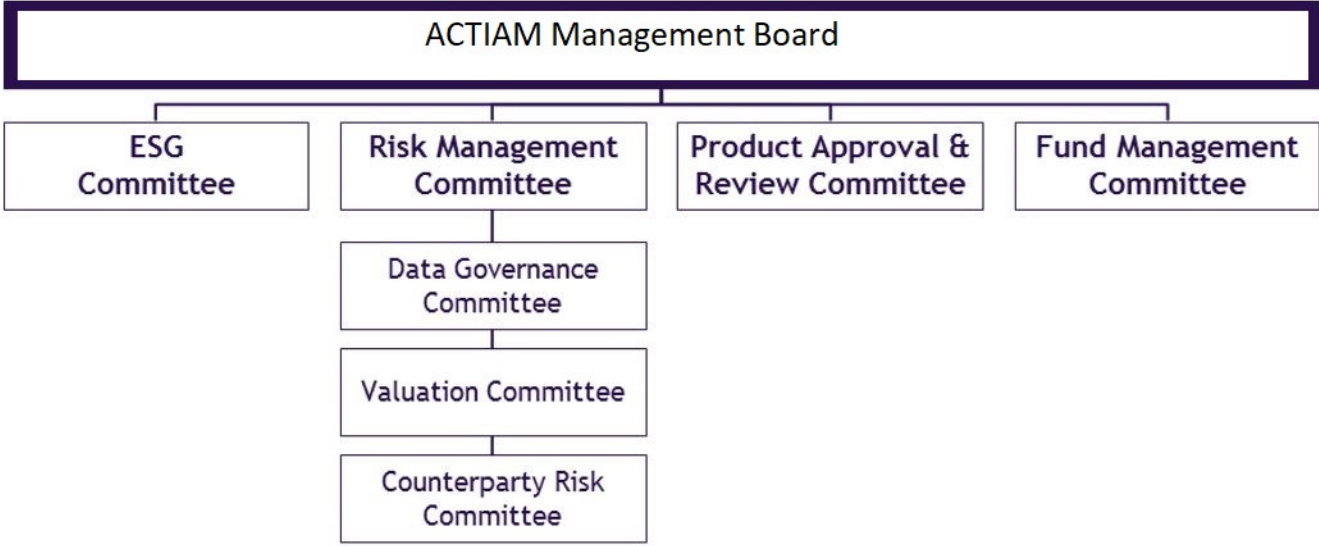
ACTIAM has implemented a framework of procedures and internal controls for mitigating operational and financial risks. The 'three lines of defence' approach is applied, in which various organisational layers each have their own tasks and responsibilities. The three lines of defence support and reinforce each other.

The first line is responsible for the executive management tasks and therefore responsible for controlling and managing the risks. The Management Board and Senior Managers are ultimately responsible for establishing and maintaining effective systems and controls, although all ACTIAM employees play an important role in managing and controlling risk.

The second line consists of Risk and Compliance departments within ACTIAM. These departments have the responsibility to advise management on internal controls and to assess/monitor whether the internal controls implemented by management are in accordance with the (regulatory) requirements as laid down in the ACTIAM policies and procedures.

Athora Netherlands Internal Audit constitutes the third line of defense within ACTIAM. Athora Netherlands Internal Audit uses a risk-based audit methodology in developing the annual audit plan, focusing on areas of higher risk. This risk assessment determines the frequency of review of the individual departments/processes based on an independently assigned audit rating.

The Management Board has delegated some of its responsibilities to a number of committees. These multidisciplinary committees each have a certain mandate, take decisions, prepare advisory opinions and monitor risks. A brief description of the key committees and their responsibilities is provided below:



- **ACTIAM Risk Management Committee (RMC)** The RMC is responsible for risk management and the related processes. The RMC defines the risk appetite for both financial and non-financial risk, and ensures that policies are drafted/updated. It also monitors the processes and procedures in place to manage identified risks.
- **ACTIAM Counterparty Risk Committee (CRC)** The CRC’s responsibility is to monitor, identify and give advice on counterparty credit risk. Its scope is limited to exposure due to derivatives transactions as part of portfolio management including exposure due to repos and securities lending.
- **ACTIAM Fund Management Committee (FMC)** The FMC is responsible for supervising the policies, the operational compliance and the performance and risk reporting of the funds and taking decisions on behalf of the Management Board regarding the funds.
- **ACTIAM Product Approval & Review Committee (PARC)** This committee focuses on introducing and managing ACTIAM products. Its responsibilities include product evaluation and safeguarding the quality of the products in relation to risks involved, profit margins, rules and regulations, and consistency with the strategy. The PARC also monitors the products through their life cycle.
- **ACTIAM Valuation Committee (VC)** The VC is responsible for defining the valuation policy and monitoring the quality of valuations of all investments.
- **ACTIAM Data Governance Committee (DGC)** This committee is responsible for ensuring that all data used in the ACTIAM processes has the required quality level. This includes monitoring compliance with client requirements, and regulatory requirements.
- **ACTIAM ESG Committee** This committee decides on the Fundamental Investment Principles and is tasked with decisions related to Environment, Social & Governance (ESG) aspects.

1.6.3 RISK MANAGEMENT

The Risk Management department focuses on the strategic, financial and operational risks. The Risk Management Department has a veto right in the ACTIAM committees. The CRO of ACTIAM reports functionally to the CRO of Athora Netherlands. The Risk Management department consist of three pillars:

- Portfolio Compliance;
- Operational Risk Management; and
- Financial Risk Management

Portfolio Compliance pillar

ACTIAM Risk Management monitors restrictions that are either stated in the prospectus of an investment fund or have been agreed within a mandate.

Operational Risk Management pillar

The objective of Operational Risk Management (ORM) is to support the organisation in identifying, assessing and monitoring operational risks. Amongst others, this includes a formalised risk appetite, risk awareness and mitigation, governance and instruments to identify and monitor the effectiveness of designed controls.

Financial Risk Management pillar

ACTIAM Financial Risk Management independently identifies, monitors, reports and makes recommendations on how to manage the financial risks, managed by the first line of defence. Financial Risk Management makes use of various valuation techniques and tools, statistical models, and quantitative analysis for financial risk assessment and analysis.

1.6.4 COMPLIANCE

The compliance function is fulfilled by a dedicated Compliance Officer from Athora Netherlands. The principal duties of the compliance function are to support the first line in drafting (and updating) policies, giving advice regarding new laws and regulations and monitoring the implementation thereof. In addition to the Compliance Officer ACTIAM has a Manager Legal & Compliance that maintains oversight on compliance and legal matters pertaining to ACTIAM's business.

1.6.5 RISKS

Strategic risk

Strategic risks are risks that affect how an organisation executes its business strategy and reaches its strategic objectives. The following facts apply to ACTIAM:

- ACTIAM is a fund manager and institutional asset manager that makes investments on behalf of its clients;
- ACTIAM provides high-quality services based on controlled and sound business operations;
- ACTIAM aims to achieve the investment targets of its clients in line with investment management agreements; and
- ACTIAM works hard to maintain its reputation as a responsible and reliable fund- and asset manager.

Potential strategic risks may arise from the points as mentioned above. These risks may include the risk of capital inadequacy (for more information refer to [1.6.6 Capital adequacy](#)), business risk (related to fees, products, customer concentration and possible lack of execution power) and reputation risk.

Following the acquisition of VIVAT by Athora, a new strategic plan for ACTIAM was announced. A risk related to the envisioned strategic changes was considered to be human capital. During the course of 2020 ACTIAM noted some resignations which were managed accordingly and periodically reported to the Risk Management Committee such that it could undertake proper actions where needed.

| | RISK APPETITE | IMPACT | MATERIALIZATION | RISK CONTROL |
|----------------|---------------|--------|--|--|
| Strategic risk | Low | Medium | Strategic risks in relation to the acquisition of VIVAT by Athora, and respectively the new strategic plan for ACTIAM did not materialize during the reporting period. | ACTIAM has a governance structure in place, supported by several committees and workinggroups, in order to adequately execute the business strategy and reach ACTIAM's strategic objectives. |

Financial risk

Financial risks are defined as the risks to which ACTIAM is exposed on its own ACTIAM account investment portfolio. Financial risks break down into several other risks such as credit risk, market risk and liquidity risk. ACTIAM only performs investment activities on its own ACTIAM portfolio for 1) cash management purposes or 2) for employee entitlements under a deferred variable remuneration program. Given the limited size and scope of activities, these activities cannot be considered proprietary trading activities under the Wft. ACTIAM's own investment portfolio is subject to the ACTIAM treasury policy. In order to mitigate financial risks, this policy sets restrictions with respect to the own investment portfolio in terms of liquidity, maturity, rating and asset class.

- ACTIAM does not allow proprietary trading activities;
- ACTIAM accepts a limited amount of credit risk;
- ACTIAM accepts significant volatility in fee revenues, due to market movements; and
- ACTIAM maintains a high level of available liquidity.

| | RISK APPETITE | IMPACT | MATERIALIZATION | RISK CONTROL |
|----------------|---------------|--------|--|---|
| Financial risk | Low | High | No breaches of ACTIAM's treasury policy during the reporting period. | In order to mitigate financial risks, ACTIAM adheres to the treasury policy by set restrictions with respect to the own investment portfolio in terms of liquidity, maturity, rating and asset class. |

Operational risk

Operational risk is the risk of losses due to inadequate or failing internal processes, people or systems. External events may have an impact on the magnitude of this risk. ACTIAM internal control framework is designed to acquire reasonable assurance regarding this risk, meaning that:

- ACTIAM accepts that its governance cannot completely rule out the operational risk related to the asset management business;
- ACTIAM has reasonable assurance that processes are executed effectively;
- ACTIAM has competent and committed employees;
- ACTIAM has a reasonable assurance that IT processes are reliable;
- ACTIAM has reasonable assurance about the quality, integrity and continuity of its outsourced services;
- ACTIAM has the intention to limit key man dependency;
- ACTIAM has agreements which are legally sound, unambiguous and enforceable. Liability has been carefully addressed; and
- ACTIAM treats relevant information confidentially.

Insufficiently designed processes and systems or human error manifest themselves as incidents. Incident Management follows a formal process in which root cause analyses are made in order to determine adequate mitigating measures. Risk Management is responsible for this process.

In order to ensure that ACTIAM is able to implement its investment policy and address current and future clients' and businesses' needs, ACTIAM conducts staff and succession planning on a regular basis.

Outsourcing risk

Outsourcing risk may be considered as an aspect of operational risk. Outsourcing of activities gives rise to the risk that the other party is unable to meet its obligations, despite detailed arrangements being laid down in contracts with the providers of outsourced services. Formal contracts have been signed with these parties. ACTIAM has an outsourcing policy in place which contains procedures to control its outsourced activities. This policy is in compliance with relevant rules and regulations.

ACTIAM has outsourced its mid- and back-office activities (administration, reporting and accounting) to BNP Paribas Securities Services SCA. To safeguard sufficient monitoring over these outsourced activities (in accordance with the ACTIAM Outsourcing Policy) and to relocate parts of the outsourced processes (amongst others valuation and change management) an Oversight & Change department has been installed at ACTIAM.

Cyber crime risk

A specific operational risk is the cyber crime risk. Fighting cyber crime is a top priority of ACTIAM. In the first half of 2020, there were no reported incidents with regard to cyber crime within ACTIAM. Appropriate organisational and technological measures have been taken to mitigate cyber crime risks, including extension of security monitoring, intensive cooperation with other insurers and, where necessary, further tightening of policy settings for Windows 10, Windows Server and Office. Furthermore the Data, Technology & Change department together with the Non-Financial Risk department and Internal Audit have performed a risk self-assessment with regard to COVID-19, this is discussed on a weekly basis within the Management Team of the Data, Technology & Change department.

| | RISK APPETITE | IMPACT | MATERIALIZATION | RISK CONTROL |
|------------------|---------------|--------|---|---|
| Operational risk | Low | High | The extent of risk accepted on an operational level is formally set in a risk appetite statement. In 2020, a net loss of € 29 thousand was caused due to incidents. This impact was within acceptable levels. An annual incident assessment is performed to identify possible trends and mitigating actions. As manual errors remain the main cause of incidents awareness sessions will be organized early 2021. | The ACTIAM control framework in place has worked effectively throughout 2020. Operational risks resulting from increased working from home due to COVID-19 restrictions, have been effectively mitigated through ACTIAM's working from home policy. |

Integrity risk

Integrity risk relates to ACTIAM's employees, products, clients and cooperation with ACTIAM's business relations. ACTIAM does not tolerate actions or conduct from employees, clients or partners that violate its principles of integrity. ACTIAM does not tolerate departures from legal principles or internal values and policies.

| | RISK APPETITE | IMPACT | MATERIALIZATION | RISK CONTROL |
|----------------|---------------|--------|---|---|
| Integrity risk | Low | High | This risk has not materialized during the reporting period. | The selection process ensures that people are rejected who cannot provide a Certificate of Conduct (<i>verklaring omtrent gedrag</i>) that evidences no issues. Furthermore, within ACTIAM a Code of Conduct and related procedures have been implemented. Finally, KPI's are designed to avoid incentivizing and discourage behavior that may degrade integrity. |

Portfolio compliance risk

Portfolio compliance risk relates to compliance with terms and conditions in mandates and prospectuses. Within ACTIAM, Risk Management is responsible for identifying, measuring, monitoring and controlling all breaches with regard to client portfolios. Active breaches are always considered as incidents and follow the same process as incidents. Corrective and mitigating measures are implemented in the case that such situations arise.

- ACTIAM identifies, measures, monitors and controls relevant risks associated with its client portfolios.

| | RISK APPETITE | IMPACT | MATERIALIZATION | RISK CONTROL |
|---------------------------|---------------|--------|---|---|
| Portfolio compliance risk | Low | High | During 2020 it was discovered that some portfolio compliance rules were temporarily switched off. Upon discovery an impact analysis revealed no breach and adequate follow-up was provided through additional safeguards. | During 2020, ACTIAM implemented a procedure to safeguard the timely reset of any portfolio compliance rules. Besides, periodic checks are implemented to monitor portfolio compliance rule setting. |

COVID-19 related risk

The COVID-19 outbreak in the first months of 2020 is causing significant impact to our society, to Athora Netherlands and its subsidiaries which includes ACTIAM, to ACTIAM's clients and other stakeholders, including employees and suppliers. Financial markets have been volatile, characterised by amongst others significant swings in interest rates and equity markets and credit spreads. The Dutch government as well as other governments and central banks are responding with aid packages and further quantitative easing. At the date of publication of the Annual Report the depth and length of the disruptions caused by COVID-19 are better understood. ACTIAM continues monitoring the impact on ACTIAM's financial position and result, is continuously monitoring the market and economic turbulence that has arisen as a consequence of the COVID-19 outbreak, and is taking necessary mitigation actions. Since 16 March 2020, nearly all ACTIAM employees have been working from home. All processes continue to run smoothly. ACTIAM is proud of the willingness and flexibility of all its

employees which contributes to the capability to support its business operations and its clients. At the date of publication of the Annual Report, the transition to working from home has not had a material impact on ACTIAM's business operations.

| | RISK APPETITE | IMPACT | MATERIALIZATION | RISK CONTROL |
|-----------------------|---------------|--------|---|---|
| COVID-19 related risk | Low | High | All processes continue to run smoothly and no disruptions to ACTIAM's governance structures occurred as a consequence of the COVID-19 pandemic. | ACTIAM continuously monitors the impact of COVID-19 on its operations and has taken necessary mitigation actions. All ACTIAM staff have been working successfully from home since the start of the COVID-19 pandemic. |

Brexit risk

At the end of 2020 after a long period of uncertainty, an agreement has been reached between the European Union (EU) and the United Kingdom (UK). From 1 January 2021, the UK is not a part of the EU (and therefore the UK is also not a part of the EU customs union). European laws and regulations are not automatically applicable to the UK. The agreement documents that the EU and the UK will draft a Memorandum of Understanding in which an arrangement will be made for financial services between the EU and UK. Until now, there was no follow up to write this Memorandum of Understanding. Also, the EU did not make a statement recognizing the UK laws and regulation to establish "equivalency" and therefore allow the cross border delivery of financial services between the EU and UK.

Over the years, ACTIAM made preparations in relation to the announced Brexit. ACTIAM implemented access to the clearing facilities of Eurex for derivatives. This access is operational and ACTIAM migrated several positions in derivatives with success. Next to that, ACTIAM has an adequate number of OTC-counterparties available in the EU to continue its activities with derivatives and migrated UK relations to European parties when applicable to ensure service continuity. ACTIAM does not service UK clients. As a result, ACTIAM does not foresee problems in the context of Brexit and expects a continuous service delivery to her clients.

| | RISK APPETITE | IMPACT | MATERIALIZATION | RISK CONTROL |
|-------------|---------------|--------|--|---|
| Brexit risk | Low | Low | No Brexit related risks have materialized during the reporting period. | ACTIAM has closely monitored the developments concerning Brexit and has timely executed actions to mitigate all Brexit related risks in the course of 2020. |

1.6.6 CAPITAL ADEQUACY

Given that ACTIAM is an AIFMD manager that also provides discretionary asset management services, it qualifies as a fund and discretionary asset manager. As a result, ACTIAM is required to comply with the capital requirements of both AIFMD and CRD IV. The capital requirement figures in this paragraph are based on the 2020 ICAAP requirements.

The capital requirement under AIFMD (Pillar 1) has been determined at € 15.6 million. The CRD IV/CRR Pillar 1 capital requirement has been established at € 12.8 million. ACTIAM uses a correlation approach and specific stress scenarios to determine its ICAAP pillar II capital and aggregate risks for the second pillar. ACTIAM also includes the K-factor methodology in this document. The K-factor methodology leads to a required capital of € 12.8 million. The Pillar II correlation approach leads to a required capital of € 15.6 million (last year € 12.5 million). The Pillar II correlation approach exceeds the other methods and is therefore leading. This result is deemed the Regulatory Required ICAAP capital.

Since the Board of ACTIAM places a high priority on maintaining the internal capital level above this required level, it applies an extra prudential buffer of 25%. This leads to an internally required ICAAP amount of € 19.5 million. This is considered the ACTIAM Required ICAAP capital.

The desired required capital as defined by the DNB, consisting of the required minimum capital, a buffer of 25% and a rolling forecast of the next four quarterly losses, is € 27.6 million.



Should the identified risks in the annual ICAAP occur simultaneously, the total impact would equal the required minimum capital. Given the prudential buffer and the amount of excess capital, ACTIAM is confident that it is well capitalised to mitigate any assessed risk. The 2020 ICAAP has been approved by DNB.

Based on the balance sheet per 31 December 2020, ACTIAM's available capital is € 35.3 million. Given that this exceeds the desired minimum, it is considered to be adequate. Based on the current outlook and evaluation of a broad range of probable scenarios ACTIAM is confident that its available capital will be adequate.

1.6.7 ISAE 3402

In order to provide ACTIAM's clients assurance regarding its internal activities and monitoring on outsourced activities, ACTIAM issues on an annual basis an ISAE 3402 type II report. In this report the key controls are included and tested by the external auditor.

Ernst & Young Accountants LLP has been appointed as external auditor and are responsible for completion of the 2020 ISAE 3402 type II report. The 2020 ISAE 3402 type II report was finalised in January 2021 with an unqualified auditor's opinion.

1.7 DEVELOPMENTS IN EARNINGS

The net result over the reporting period was a loss of € 4.7 million. Asset management fee income received in the reporting period decreased to € 68.9 million (year 2019: € 74.5 million). The decrease in asset management fees income resulted from the reallocation of funds by a distribution partner, the sale of Athora Netherlands' Property and Casualty business and the exit of a large customer. The decline in fees was partly compensated by higher captive fees, some inflows, favourable markets and strong investment performance.

In 2020 the asset management fee rebate for SRLEV N.V. was € 0.9 million higher than in 2019 as a result of favorable financial markets. The asset management fee rebate is recognised as negative income, as explained in chapter 2.

Total expenses decreased to € 67.8 million in the reporting period (year 2019: € 75.4 million). Operating expenses decreased by € 3.9 million to € 44.2 million (year 2019: € 48.1 million) as a result of lower salary costs in relation to a lower average headcount and lower external advisory costs. Asset management fees expenses paid decreased by € 3.7 million to € 23.6 million (year 2019: € 27.3 million) due to lower outsourcing costs, lower distribution fees and lower custody costs.

Operating result before tax decreased from € -7.2 million in 2019 to € -6.2 million in 2020. To conclude, the net result over the reporting period was a loss of € 4.7 million (year 2019: loss of € 5.4 million).

1.8 REMUNERATION POLICY

This paragraph describes Athora Netherlands' group remuneration policy and more specifically ACTIAM's remuneration policy and explains how the policy is implemented in practice.

ACTIAM pursues a prudent, restrained and sustainable remuneration policy that is in line with ACTIAM's strategy, its risk appetite and its values. The policy complies with the relevant statutory and regulatory requirements. A guiding principle of the remuneration policy is that it does not encourage employees of ACTIAM to take more risks than considered responsible within the context of ensuring that the highest regard is provided to the interests of clients and investors in the funds that are managed by ACTIAM.

GOVERNANCE

The remuneration policy of ACTIAM is designed within the framework of Athora Netherlands' group remuneration policy whilst making allowance for rules and regulations governing ACTIAM in its capacity as fund manager under the AIFM Directive. ACTIAM's remuneration policy is in that respect based on the Alternative Investment Fund Managers Directive 2011/61/EU ("AIFMD") and the Guidelines on sound remuneration policies under the AIFMD ("ESMA Guidelines").

The remuneration policy is in line with the Dutch Financial Undertakings Remuneration Policy Act (Wet Beloningsbeleid Financiële Ondernemingen or "Wbfo") which is incorporated in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht or "Wft / FMSA"), the Commission Delegated Regulation (EU)

2015/35 (“Solvency II”) and the Guidelines on System of Governance of the European Insurance and Occupational Pensions Authority (“EIOPA Guidelines”). Taking into consideration Athora Netherlands’ capacity as shareholder of ACTIAM, ACTIAM’s remuneration policy has been approved by Athora Netherlands’ Supervisory Board, taking into account, insofar as applicable, the rights of the Works Council.

All employees working for ACTIAM are expected to work in accordance with the Code of Conduct, the oath and any applicable regulations. ACTIAM encourages all relevant employees to have a DSI’s Basic Integrity Registry and requires VBA, CFA certification and/ or additional DSI registrations for specific functions. ACTIAM periodically participates in market surveys, which maps out the remuneration policies of similar fund and asset managers. ACTIAM uses the outcome of the survey to gain an understanding of the competitiveness of its remuneration policy and to benchmark its remuneration policy against best practices in the market.

IDENTIFIED STAFF

According to Article 20 of the ESMA Guidelines, unless it is demonstrated that they have no material impact on the AIFM’s risk profile or on an AIF it manages, the following categories of staff should be defined as ‘Identified Staff’:

- Executive and non-executive members of the governing body of the AIFM, depending on the local legal structure of the AIFM, such as: directors, the chief executive officer and/ or executive and non-executive partners;
- Senior management;
- Control functions;
- Staff responsible for heading the portfolio management, administration, marketing, human resources;
- Other risk takers such as: staff members, whose professional activities - either individually or collectively, as members of a group (e.g. a unit or part of a department) - can exert material influence on the AIFM’s risk profile or on an AIF it manages, including persons capable of entering into contracts/positions and taking decisions that materially affect the risk positions of the AIFM or of an AIF it manages. Such staff can include, for instance, sales persons, individual traders and specific trading desks.

Athora Netherlands has established a Working Group Identified Staff comprising the directors of Human Resources, Legal, Financial Risk, Non-Financial Risk and Audit (“Working Group Identified Staff”, “WGIS”). The Working Group Identified Staff provides input to Athora Netherlands’ Supervisory Board with regard to decision making on the Identified Staff list as well as Identified Staff remuneration. A list of Identified Staff is centrally registered and updated at least once a year. The criteria for qualifying as and identifying Identified Staff are reviewed on an annual basis in accordance with the applicable laws, regulations and ESMA Guidelines.

The Board of ACTIAM decides on the hiring of candidates and the remuneration of the ACTIAM employees. As part of the selection process of new candidates for the Board of ACTIAM and senior management or control functions (identified staff), they are firstly presented to the WGIS and thereafter presented to the Executive Board and the Remuneration and Nomination Committee of the Supervisory Board of Athora Netherlands (“ReNomCo”). The ReNomCo approves the remuneration of Identified Staff.

EMOLUMENTS

The remuneration of ACTIAM employees consists of a fixed annual salary, a variable remuneration, a pension scheme and other fringe benefits. ACTIAM has separate variable remuneration schemes for Identified Staff and non-identified staff. As of 2018, Athora Netherlands abolished performance-related variable remuneration for the ACTIAM Statutory Board.

Fixed remuneration

The fixed annual gross salary consists of a fixed annual gross salary, which includes a holiday allowance of 8% and a 13th month payment of 8.33% and, to the extent applicable, other fixed allowances. The annual gross salary is based on the applicable salary scales. Employees are entitled, according to the CLA, to an annual increase. This periodic increase in salary is linked to the extent to which the employee is judged to have grown in his or her role (achievement on competences) and depends on the relative salary position. The precise link between the competence assessment and the pay rise, is as follows: Insufficient : 0.0%; Almost sufficient : 0.0%; Good : 2.6%; Very good : 3.3%; Excellent : 4.0%. Awarding this increase is also subject to financial criteria at the level of Athora Netherlands (“knock-out”).

Pension

Nearly all ACTIAM employees participate in Athora Netherlands’ pension scheme. The current scheme is a Collective Defined Contribution (“CDC”) pension scheme, which is based on a pension accrual including an

employee contribution of 4,5%. The contributions are paid by Athora Netherlands and the employees, qualifying as employer and employee contributions respectively. For employees who were employed by ACTIAM by 31 December 2017 and who have a salary exceeding the maximum pensionable salary for pension accrual, compensation of 16.35% on the pensionable salary in excess of € 110,111 is applied. The permanent supplement payment is not pensionable and is not taken into account for the calculation of severance payments, including transition fees pursuant to Dutch employment law (“transitievergoeding”) or any other wage components or benefits.

Variable remuneration and performance targets

Variable remuneration is based on achievements of pre-set performance targets for employees in scope. The performance cycle starts with setting the performance targets (“KPI’s”) for the financial year. The performance targets set are in line with the company targets and ACTIAM’s mission and vision. Under the variable remuneration schemes, clear and measurable KPI’s are defined for the performance period. The award of variable remuneration is contingent upon these KPI’s being achieved. The KPI’s pertain to both financial (financial targets are maximised up to 50%) and non-financial targets. The most important KPI’s relate to the quality of ACTIAM’s commercial, financial results, ESG targets, investment performance, operating processes and risk management. The ACTIAM ESG targets incentivise portfolio managers to select investments in entities that better manage their sustainability risks and/or take advantage of sustainability related opportunities.

For the year 2020 there was one general KPI (non-financial) applicable for everyone within ACTIAM, relating to a successful completion and incorporation of strategic projects. Subsequently, for each department either one or two departmental KPI’s were designed that were applicable to everyone within such department. In addition, all employees were asked to construct either one or two personal KPI’s for themselves. Therefore, in total, a maximum of 5 KPI’s were designed per employee.

The Statutory Board ACTIAM in this respect had collective KPI’s for the year 2020 related to maintaining a sound controlled environment and customer advocacy.

General premises KPI’s

Where relevant and possible, in setting KPI’s allowance is made for the following ACTIAM stakeholders:

- clients and/or investors in funds managed by ACTIAM;
- employees;
- Athora Netherlands and its shareholder(s);
- society at large.

A maximum of 50% of the KPI’s may relate to financial targets. For employees in control and monitoring functions, such as the Risk Management department, non-financial KPI’s are set. The maximum level of variable remuneration as defined by the Wbfo is applicable to all employees of Athora Netherlands. Pursuant to the Wbfo, the variable remuneration of an employee of a financial enterprise may not exceed 20% of the fixed remuneration. However, this maximum does not apply to employees of alternative investment fund managers with a license under the AIFM Directive such as ACTIAM. The level of variable remuneration within ACTIAM is maximised at 50% of the annual fixed salary for senior portfolio managers and only in the event of stretched performances, where a lower maximum applies for other functions.

For Identified Staff, specific rules apply for setting performance targets and KPI’s, for determining the extent to which performance targets have been achieved, and for setting and paying variable remuneration. The performance targets and KPI’s are subject to an ex ante and ex post risk assessment.

In addition to being assigned KPI’s, employees are expected to determine their own competence focus points, enabling and encouraging personal development. These personal development focus points are set for each individual employee and chosen from Athora Netherlands’ broad set of values with two key competences designed: being result driven and having customer focus.

Awarding variable remuneration

Variable remuneration is awarded after assessing to what extent the pre-defined KPI’s have been achieved. This assessment includes relevant input from, amongst others, the Risk Management department and the Compliance Officer as part of an ex post risk assessment. For this process, the results and incentives are recorded in a centralised database. The final decision with respect to the awarding of variable remuneration is taken by the ACTIAM Statutory Board, following approval by Athora Netherlands’ Executive Board. For Identified Staff the ReNomCo also approves. The Guiding Principles including knockouts are applied before any variable remuneration is granted.

Variable remuneration is awarded, when applicable, immediately in cash for non-identified staff. For Identified Staff variable remuneration is awarded in two parts: an immediate/unconditional part (60%) and a deferred/conditional part (40%). 50% of the variable remuneration of Identified Staff is paid out in cash and 50% is based on the return of shares of ACTIAM Duurzaam Mixfonds Neutraal, a sub-fund of ACTIAM Beleggingsfondsen II. The deferred part of the variable remuneration is paid out three years following the year of the award. The share return based component of the deferred part of the variable remuneration vests three years after the year of the award followed by a one year lockup. For portfolio managers a three-year return target is set which has to be achieved before they become entitled to the deferred part. The deferred part of the variable remuneration may be adjusted downwards based on an ex post risk assessment.

Sign-on bonus & retention bonus

ACTIAM exercises great restraint in offering such arrangements as a sign-on bonus or a retention bonus. Such arrangements may be agreed to only if they are in accordance with the legislation and regulations and in accordance with Athora Netherlands' and ACTIAM's governance.

In the period up to 2018 which led to the transfer of control of Athora Netherlands NV to Athora Netherlands Holding Limited and the on-sale of VIVAT Schadeverzekeringen NV to Nationale Nederlanden Schadeverzekering Maatschappij N.V., Athora Netherlands offered a retention scheme to a few employees within ACTIAM. In 2019 the retention scheme was offered to a wider group of employees within ACTIAM. The vesting of these schemes is subject to certain conditions. Athora Netherlands has received the approval of the regulatory authorities before offering these retention schemes.

Other benefits

Depending on the position on the salary scale, a number of senior managers within ACTIAM are eligible for a lease car or a lease car allowance. The cars to be leased should in this respect be 100% electric. As part of ACTIAM's commitment to sustainable investment principles, certain types of cars and certain brands are no longer included in the policy, where however exceptions are made for 100% electric models.

Hold back & claw back

Athora Netherlands has the power to hold back or claw back all or part of any variable pay awarded in accordance with Article 2:135(6) & (8) of the Dutch Civil Code in conjunction with Section 1:127(2) & (3) Wft. Whole or partial hold back or claw back will take place in any case if the employee has not met relevant competence standards and standards of appropriate conduct, or was responsible for conduct that has led to a considerable deterioration of the financial position of Athora Netherlands and/or ACTIAM.

Severance payment

If and in so far as severance pay is due to an employee, such payment will be equal to the transition fee ("transitievergoeding") within the meaning of Article 7:673 of the Dutch Civil Code unless (i) the relevant employee is able to benefit from a different arrangement explicitly agreed upon in an applicable social plan or (ii) otherwise determined at the discretion of ACTIAM's Management Board and Athora Netherlands' Executive Board or, where it relates to the ACTIAM's Management Board or ACTIAM Identified Staff, the ReNomCo and approved by Athora Netherlands' Supervisory Board. No severance payment is due and payable when a contract is terminated at the employees own initiative, by serious culpable conduct or neglect by the employee or failure of Athora Netherlands if the employee is considered day-to-day policy maker.

A severance payment to day-to-day policy makers, which includes ACTIAM's Management Board, may not be in excess of 100% of the fixed annual gross salary.

Athora Netherlands has agreed upon an extension of Athora Netherlands' Social Plan until 2023 with the unions which is applicable in case of reorganisation(s).

REMUNERATION DURING THE REPORTING PERIOD

In 2020, ACTIAM awarded € 15.2 million in remuneration to its employees (in 2019: € 16.9 million). Of this amount, € 13.4 million qualified as fixed remuneration (in 2019: € 15.0 million), while variable remuneration accounted for € 1.8 million (in 2019: € 1.9 million).

Fixed remuneration

According to the CLA Athora Netherlands (in 2020 CLA VIVAT) employees have received a periodic salary increase on 1 February 2020. There was no collective salary adjustment in 2020. In the summer of 2020, the trade unions

and Athora Netherlands started their negotiations for a new collective labour agreement. At the end of 2020 a negotiation result was accomplished for a new CLA 2021-2023.

Variable remuneration

The variable remuneration awarded in 2020 consists of performance-related variable remuneration related to the financial year 2019 (€ 1.4 million) and the deferred part from the year 2016 (€ 134 thousand) and the retention bonuses (€ 288 thousand).

In 2020, a total amount of € 1.4 million was unconditionally awarded to 88 employees as a performance-related variable remuneration over the year 2019 (in 2019: € 1.7 million to 88 employees over 2018) and, as deferred and final part of the performance-related variable remuneration over the year 2016, a total amount of € 134 thousand was unconditionally awarded to 17 (former) employees (2019: € 188 thousand to 20 (former) employees over the year 2015). Due to the financial results of 2019 of ACTIAM the total amount of variable remuneration is capped at the amount for performance realisation at-target for those with a stretched performance. The total average performance score was below 100%.

The Identified Staff receive their variable remuneration for 50% based on the return of shares in ACTIAM Duurzaam Mixfonds Neutraal. At the moment this part is awarded unconditionally, after the lock-up of one year, dividends will be paid (if applicable). In the year 2020 the paid dividend was € 0.10 per share.

In 2020, as the conditions were met, the retention scheme was paid for a total amount of € 288 thousand to 12 employees. The payment of the retention scheme to the Identified Staff will occur in deferred payments up to 2023.

In 2020, Athora Netherlands, including ACTIAM, did not use the right to apply an holdback and clawback.

Awarding variable remuneration over 2020 will occur after the date of publishing the annual report. In 2020, ACTIAM had an average FTE of 92 (in 2019: 103 FTE).

The table below shows statistics on the remunerations awarded in 2019 and 2020.

Breakdown of Remuneration

| | NUMBER OF RECIPIENTS ¹ | | FIXED REMUNERATION ² | | VARIABLE REMUNERATION | |
|--|-----------------------------------|------------|---------------------------------|---------------------|-----------------------|--------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Members of the Management Board ³ | 4 | 4 | € 1,044,289 | € 1,126,032 | € 34,763 | € 0 |
| Identified Staff | 46 | 38 | € 6,453,452 | € 6,936,407 | € 1,077,232 | € 1,095,920 |
| Other Employees | 55 | 70 | € 5,880,358 | € 6,963,917 | € 732,212 | € 803,599 |
| Total | 105 | 112 | € 13,378,099 | € 15,026,356 | € 1,844,207 | € 1,899,519 |

1 Owing to the inflow and outflow of employees, the total number of recipients was higher than the average headcount.

2 Including social security contributions, pension premiums and other remuneration paid.

3 The members of the Management Board are a category of Identified Staff and are represented separately in this table.

Number of employees with remuneration exceeding € 1 million

In 2020, no ACTIAM employees received total remuneration exceeding € 1 million.

REMUNERATION POLICY OF OUTSOURCING PARTNERS

Prior to engaging an external asset manager ACTIAM performs due diligence on that asset manager. An assessment of the external manager's remuneration policy is part of the due diligence. The remuneration policy has to be consistent with the interests of fund participants, hence appropriate incentives should be used. These incentives must be aligned with the objective of the investment fund for which the external asset manager is selected, making a distinction between actively and passively managed funds. For actively managed funds, for instance, ACTIAM assesses whether the external asset manager's investment horizon is in line with the investment fund's performance horizon, which is 3 to 5 years. For actively managed funds which seek to outperform the benchmark, ACTIAM assesses whether the remuneration policy ensures that the remuneration is linked to risk-adjusted measures, using for example the 'information ratio'. For passively managed investment funds an active performance-linked remuneration is less desirable. In such cases, ACTIAM assesses whether the performance incentives are properly linked to the way the investment fund's performance tracks the index, using for example tracking errors.



Information is also requested with respect to the remuneration policy of both ‘identified staff’ and ‘non-identified staff’ to ensure, for instance, that the remuneration policy contains no performance-related incentives for risk management and compliance officers. ACTIAM requests information on an annual basis from the delegated external asset managers with respect to the remuneration policy applied. The asset managers appointed by ACTIAM are entities that have an AIFM Directive- or an UCITS Directive (UCITS) license. These entities are therefore subject to remuneration policy rules that apply under these directives and are therefore subject to the same regulations that are applicable for the remuneration policy of ACTIAM.

1.9 **OUTLOOK 2021**

Personnel and transfer own account

As a result of the strategic reorientation, ACTIAM will cease its asset management activities for Athora Netherlands' own account. Therefore AuM related to own account assets and some of ACTIAM's staff are to be transferred to Athora Netherlands. It is expected that this transfer is accomplished within the first half of 2021.

Capitalization

Based on the balance sheet per 31 December 2020, ACTIAM's available capital is sufficient and considered to be adequate for the foreseeable future.

Investment funds

During 2020 ACTIAM executed several fund restructurings, amongst others in relation to further enhancing the sustainability profiles of ACTIAM index funds and in order to be compliant to changes in fiscal regulation. In this respect, in the first quarter of 2021 the 14 sub funds of RZL Beleggingsfondsen N.V. were terminated and were as such consolidated with predominantly Zwitserleven funds. Later in 2021, ACTIAM aims to finalise this restructuring by transforming the sub funds of ACTIAM Beleggingsfondsen N.V. into funds for joint account. This last step, as part of the larger fund restructuring as executed in 2020, includes a number of additional consolidations with other (underlying) investment funds.

ESG-outlook

For 2021, ACTIAM will amongst others focus on the opportunities which legislative initiatives, such as the Sustainable Finance Disclosure Regulation, create. These legislative developments allow ACTIAM to further showcase its leading position as a responsible investment manager.

COVID-19 outlook

During 2021 ACTIAM will continue to monitor the COVID-19 crisis amongst others from an investments perspective and company perspective. ACTIAM has implemented measures to ensure the continuity of its services as described in paragraph [1.6 Risk Management](#), and has a committee in place to monitor the adequacy of these measures. Developments are tracked closely and a risk-based approach is used to determine if and when additional measures or relaxation of measures taken can be effectuated.

Amsterdam, the Netherlands, 26 March 2021

ACTIAM NV
F.L. Kusse, CEO
D.G. Keiller, CTO

2 Financial Statements 2020 ACTIAM NV

2.1 BALANCE SHEET

| Before result appropriation and in € thousands | REF. | 31 DECEMBER 2020 | 31 DECEMBER 2019 |
|--|------|------------------|------------------|
| Assets | | | |
| Tangible fixed assets | 1 | 7 | 10 |
| Financial assets | 2 | 42,121 | 31,406 |
| Total fixed assets | | 42,128 | 31,416 |
| Receivables | 3 | 7,576 | 13,955 |
| Cash at banks | 4 | 2,752 | 673 |
| Total current assets | | 10,328 | 14,628 |
| Total assets | | 52,456 | 46,044 |
| Equity and liabilities | | | |
| Equity | 5 | | |
| Issued capital | | 45 | 45 |
| Share premium reserve | | 29,777 | 17,777 |
| Revaluation reserve | | 22 | 12 |
| Other reserves | | 10,163 | 15,577 |
| Net result | | -4,658 | -5,414 |
| Total equity | | 35,349 | 27,997 |
| Liabilities | | | |
| Current liabilities | 6 | 17,107 | 18,047 |
| Total liabilities | | 17,107 | 18,047 |
| Total equity and liabilities | | 52,456 | 46,044 |



2.2 PROFIT AND LOSS ACCOUNT

| in € thousands | REF. | 2020 | 2019 |
|-----------------------------------|------|---------------|---------------|
| Income | | | |
| Asset management fees income | | 68,863 | 74,493 |
| Asset management fees rebate | | -7,005 | -6,131 |
| Gross fee income | 10 | 61,858 | 68,362 |
| Asset management fees expenses | 11 | 23,614 | 27,306 |
| Net fee income | | 38,244 | 41,056 |
| Operating expenses | | | |
| - Employee benefits expenses | 12 | 24,799 | 26,282 |
| - Depreciation non-current assets | | 3 | 3 |
| - Other operating expenses | 13 | 19,417 | 21,835 |
| Total operating expenses | | 44,219 | 48,120 |
| Total operating result | | -5,975 | -7,064 |
| Net financial result | 14 | -236 | -168 |
| Result before tax | | -6,211 | -7,232 |
| Tax income (-) / Tax expense (+) | 15 | -1,553 | -1,818 |
| Net result | | -4,658 | -5,414 |

2.3 CASH FLOW STATEMENT

| in € thousands | REF. | 2020 | 2019 |
|---|----------|----------------|----------------|
| Cash flow from operating activities | | | |
| Operating result before tax | | -6,211 | -7,232 |
| Adjustments for non-cash items included in profit before tax: | | | |
| Depreciation and amortisation of non-current assets | 1 | 3 | 3 |
| Amortisation investments | 2 | 358 | 113 |
| Impairments | 2 | 10 | 46 |
| Unrealised results on investments through profit or loss | 2 | 25 | -32 |
| Change in operating assets and liabilities: | | | |
| Change in other operating activities | | 7,394 | -4,800 |
| Net cash flow from operating activities | | 1,579 | -11,902 |
| Cash flow from investment activities | | | |
| Sale and redemption of financial assets (shares and bonds) | 2 | 16,000 | 92,910 |
| Purchase of equipment | 1 | - | -13 |
| Purchase of financial assets (shares and bonds) | 2 | -27,500 | -92,863 |
| Net cash flow from investment activities | | -11,500 | 34 |
| Cash flow from financing activities | | | |
| Capital injection | 5 | 12,000 | 9,000 |
| Net cash flow from financing activities | | 12,000 | 9,000 |
| Net increase in cash at banks | | 2,079 | -2,868 |
| Cash at banks 1 January | 4 | 673 | 3,541 |
| Cash at banks as at end of period | 4 | 2,752 | 673 |
| Additional disclosure with regard to cash flows from operating activities: | | | |
| Interest received | 2 | 560 | - |
| Interest paid | | 1 | - |

2.4 NOTES TO THE FINANCIAL STATEMENTS 2020

2.4.1 GENERAL INFORMATION

ACTIAM NV (ACTIAM), incorporated and established in the Netherlands, is a public limited liability company incorporated under the laws of the Netherlands and registered with Chamber of Commerce under the number 30143634.

ACTIAM is fund manager and asset manager. ACTIAM has its registered office located in Utrecht, the Netherlands and has its principal place of business located at De Entree 95 (AlphaTower, 21st floor), 1101 BH Amsterdam, the Netherlands.

The company's financial information is included in the consolidated financial statements of Athora Netherlands NV (as of 10 December 2020 VIVAT NV has changed its name into Athora Netherlands NV (Athora Netherlands)).

The financial statements were authorised for issue by the Management Board on 26 March 2021.

Group Structure

ACTIAM is a wholly owned subsidiary of Athora Netherlands with a registered office at Amstelveen, the Netherlands.

Until 1 April 2020, Athora Netherlands was a wholly owned subsidiary of Anbang Group Holdings Co. Limited with a registered office at Hong Kong, whose ultimate parent company is China Insurance Security Fund Co., Ltd. with its headquarters in Beijing, People's Republic of China.

On 1 April 2020, Athora acquired 100% of the shares of VIVAT (current: Athora Netherlands NV) from Anbang. As per 1 April 2020, Athora Netherlands is a wholly owned subsidiary of Athora Netherlands Holding Ltd. with a registered office at Dublin, Ireland, whose ultimate parent company is Athora Holding Ltd. domiciled in Bermuda.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code and the Dutch Financial Supervision Act (Dutch acronym: Wft).

The financial statements have been prepared on an accrual basis and based on the company's ability to continue as a going concern.

The financial statements have been prepared on a historical cost basis, except for financial assets that have been measured at fair value.

GENERAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all the periods presented in the financial statements.

Estimates and Assumptions

The preparation of the financial statements requires the management to make estimates and assumptions, which have a significant impact on the reported amounts of assets at the reporting date, and on the reported income and expenses for the reporting period. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis. The impact of the adjustments is recognised in the period in which the estimate is revised or in the period of revision and future periods if the revision impacts both the reporting period and future periods. Management fees in the last period of the financial year are based on estimates.

Functional Currency and Reporting Currency

The financial statements have been prepared in thousands of euros (€). The euro is the functional and reporting currency of ACTIAM. All financial data presented in euros is rounded to the nearest thousand, unless stated otherwise.

Foreign Currencies

Upon initial recognition, transactions in foreign currencies are converted into euros against the exchange rate at the transaction date.

The exchange rate differences of non-monetary items in the statement of financial position measured at fair value, with changes in the fair value recognised in the statement of profit or loss, are accounted for as part of these changes in the value of the related item in the statement of financial position. Non-monetary items measured at historical cost are measured at the exchange rate applicable on the initial transaction date.

Related Parties

ACTIAM's related parties are its ultimate parent Athora, its parent Athora Netherlands, affiliates and ACTIAM's key management personnel and their close family members.

ACCOUNTING POLICIES FOR THE BALANCE SHEET

Unless indicated otherwise, assets and liabilities are recognised at the amounts at which they were acquired or incurred.

Assets are recognised in the balance sheet when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated.

If a transaction results in a transfer of all or virtually all future economic benefits or when all or virtually all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer recognised in the balance sheet. Assets and liabilities are no longer recognised in the balance sheet as soon as economic benefits are not probable or can no longer be measured with sufficient reliability. This means that transactions are recognised on the trading date. As a result, the balance sheet may have a line item by the name of 'transactions to be settled'. This can be either an asset or a liability.

Tangible fixed assets

Tangible fixed assets are measured at cost net of accumulated depreciation and, if applicable, accumulated impairment losses. Costs include the expenses directly attributable to the acquisition of the assets. Assets are depreciated on a straight-line basis over their useful lives, taking into account any residual value. The estimated useful life for IT equipment is four years.

Periodic impairment tests are performed on assets. If the carrying amount of an asset exceeds its recoverable amount, it is written down to the recoverable amount.

Repair and maintenance expenses are recognised in other operating expenses as incurred. Expenses incurred after the acquisition of an asset that increase or extend the future economic benefits of assets in relation to their original use are capitalised and subsequently depreciated.

Gains and losses on the sale of assets are defined as the balance of the recoverable amount less transaction costs and the carrying amount. These gains and losses are recognised within other operating income/expense.

Financial Assets

Financial assets comprise bonds and shares and are measured at fair value. At initial purchase, bonds are valued against Fair Value including accrued interest (Dirty Value). Unrealised gains and losses arising from changes in the fair value of these assets are recognised in the revaluation reserve (equity), taking into account deferred taxes, if their cumulative total is positive. If unrealised losses exceed the revaluation reserve, the excess is recognised in the profit and loss account. When the financial assets are sold, the related cumulative changes in fair value are recognised in the profit and loss account.

Financial assets also concern receivables from banks (deposits) with a remaining maturity of one month or more, not including interest-bearing securities. These receivables are measured at amortised cost using the effective interest method, less any impairment losses.

An investment in equity instruments is considered to have been subject to impairment if its carrying amount exceeds the recoverable value for an extended period, which means that its fair value:

- Has decreased 25% or more below cost; or
- Has been at least 5% below cost for nine months or more.

Impairments on equity securities are never reversed.

Receivables

Receivables are presented at face value less an allowance for bad debts, if applicable.

Cash at banks

Cash at banks comprises bank balances at face value. Unless indicated otherwise, they are at the Company's free disposal.

Equity

Issued capital

The share capital comprises the issued and paid-up ordinary shares.

Share premium reserve

The share premium reserve concerns capital that has been paid-up over and above the nominal value of the issued ordinary shares. Costs directly attributable to the issue of equity instruments (net of tax) are deducted from the issue proceeds.

Revaluation reserve

Unrealised gains and losses arising from changes in the fair value of financial assets are recognised in the fair revaluation reserve (net of taxes), if their cumulative total is positive. If unrealised losses exceed the revaluation reserve, the excess is recognised in the profit and loss account.

Other reserves

The other reserves comprise retained earnings of prior years.

Net result

This concerns the result for the reporting period net of income tax.

Current Liabilities

Upon initial recognition, the current liabilities are included at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value.

Taxes

Income tax expense

Income tax relates to payable or recoverable tax on the taxable profit for the reporting period and taxes due from previous periods, if any. Current tax receivables and payables are measured using the tax rate applicable at the reporting date or the tax rate applicable to the previous period the taxes due relate to.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for tax losses carried forward and for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. This is based on the tax rates that will apply in the period in which the deferred tax assets or tax liabilities are settled.

Deferred tax assets and liabilities are measured at the undiscounted amount expected to be received or paid. Deferred tax assets are only recognised if sufficient taxable profits are expected to be available in the near future against which these temporary differences can be utilised. Deferred taxes are recognised for temporary differences between the carrying amount and the value for tax purposes.

Deferred tax assets are assessed at the reporting date; if it is no longer likely that the related taxable profit will be achieved, the asset is reduced to its recoverable value. Deferred tax assets and liabilities are presented on a net basis to the extent that they relate to the same tax authority and that they are settled simultaneously.

Tax Group

Athora Netherlands NV and its subsidiaries, including ACTIAM NV, form a tax group for corporate income tax and value added tax (VAT) and as a result are jointly and severally liable for the fiscal unity's corporate income tax and VAT liabilities. Internal settlement of tax between Athora Netherlands NV and its subsidiaries is executed



upon receipt of an assessment after filing the corporate income tax return. As a result, any corporate income tax payables and receivables are recognised in the financial statements of those legal entities until the tax return is filed, rather than in Athora Netherlands' financial statement only.

ACCOUNTING POLICIES FOR THE PROFIT AND LOSS ACCOUNT

Income is recognised in the profit and loss account when an increase in economic benefits in the form of inflows or enhancements of assets or a decrease in liabilities has arisen and the amount can be measured reliably. Expenses are recognised when decreases in the economic benefits related to outflows or depletions of assets or an incurrences of liabilities has arisen, the amount of which can be measured reliably.

The profit and loss account comprises the income and expense attributable to the reporting period. Gains from transactions are recognised in the year in which they are generated; losses are recognised as soon as they are identified.

Income

Income consists of management fee less management fee rebates which are recognised in the reporting period in which the services are provided.

Expenses

Operating expenses consist primarily of staff costs (all currently employed personnel is hired by Athora Netherlands and the staff expenses are charged to ACTIAM) and other operating expenses.

The calculation of depreciation on equipment is based on the purchase price or cost of manufacturing. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Realised capital gains and losses on the disposal of fixed assets are included under depreciation expenses.

Net Finance Costs

Interest income and expenses is the interest received from, or paid to, third parties, respectively.

ACCOUNTING POLICIES FOR THE CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method, and distinguishes between cashflows from operational, investment and financing activities. Cash flows in foreign currency are converted at the exchange rate applicable on the transaction date. With regard to cash flows from operations, operating results before tax are adjusted for gains and losses that did not result in income and payments in the same financial year and for movements in provisions and accrued and deferred items. In the context of the cash flow statement, cash at banks are equal to the balance sheet item cash at banks.

2.4.2 NOTES TO THE BALANCE SHEET

ASSETS

1. TANGIBLE FIXED ASSETS

Breakdown of Tangible fixed assets

| in € thousands | 31 DECEMBER 2020 | 31 DECEMBER 2019 |
|----------------|------------------|------------------|
| IT equipment | 7 | 10 |
| Total | 7 | 10 |

Statement of Changes in IT equipment

| in € thousands | 2020 | 2019 |
|----------------------------------|----------|-----------|
| Accumulated acquisitions costs | 13 | 13 |
| Accumulated depreciation | -6 | -3 |
| Total | 7 | 10 |
| At 1 January | 10 | - |
| Purchases | - | 13 |
| Depreciation | -3 | -3 |
| Balance as at 31 December | 7 | 10 |

2. FINANCIAL ASSETS

Breakdown of Financial Assets

| in € thousands | 31 DECEMBER 2020 | 31 DECEMBER 2019 |
|----------------|------------------|------------------|
| Shares | 42,121 | 14,795 |
| Bonds | - | 16,611 |
| Total | 42,121 | 31,406 |

Shares

The largest part of the shares portfolio consists of investments in a money market fund (€ 41,900 thousand). The remaining part consists of investments in ACTIAM Duurzaam Mixfonds Neutraal.

Bonds

All bonds have been redeemed in 2020.

Statement of Changes in Shares

| in € thousands | 2020 | 2019 |
|---|---------------|---------------|
| Balance as at 1 January | 14,795 | 13,563 |
| Purchases and advances | 27,500 | 40,280 |
| Disposals and redemptions | - | -39,027 |
| Revaluations | -159 | 8 |
| Impairments | -10 | -46 |
| Dividend Received/Negative Distribution | -5 | 17 |
| Balance as at 31 December | 42,121 | 14,795 |

Statement of Changes in Bonds

| in € thousands | 2020 | 2019 |
|----------------------------------|----------|---------------|
| Balance as at 1 January | 16,611 | 18,013 |
| Purchases and advances | - | 52,583 |
| Disposals and redemptions | -16,000 | -53,883 |
| Revaluations | 7 | -9 |
| Amortisation | -358 | -113 |
| Received Coupons | -560 | - |
| Accrued Interest | 300 | 20 |
| Balance as at 31 December | - | 16,611 |

The fair value of financial assets is determined using bid quoted prices. The accumulated revaluations of financial assets amounts to € 165 thousand negative at 31 December 2020 (31 December 2019: € 9 thousand negative).

3. RECEIVABLES

Breakdown of Receivables

| in € thousands | 31 DECEMBER 2020 | 31 DECEMBER 2019 |
|---------------------------------------|------------------|------------------|
| Asset management fees to be received | 4,336 | 4,973 |
| Corporate income tax and dividend tax | 1,558 | 4,996 |
| Receivables from group companies | 521 | 3,079 |
| Trade receivables | 488 | 320 |
| Deferred tax assets | - | 3 |
| Accrued assets | 673 | 584 |
| Total | 7,576 | 13,955 |

Receivables are due in less than one year.

Asset management fees to be received

Asset management fees to be received mainly consist of fees to be received from third parties.

Receivables from group companies

Per 31 December 2020 receivables from group companies consist of the intra-group balances with Proteq Levensverzekeringen and Zwitterleven PPI. Per 31 December 2019 receivables from group companies consist of the intra-group balances with SRLEV, VIVAT Schadeverzekeringen, Proteq Levensverzekeringen and Zwitterleven PPI.

4. CASH AT BANKS

Cash at banks

Cash at banks comprise bank account balances at SNS Bank, BNP Paribas Bank and ABN AMRO. At 31 December 2020 the cash at banks stood at € 2.8 million (31 December 2019: € 0.7 million). Cash at banks are at the company's free disposal.

EQUITY

5. EQUITY

Statement of Changes in Equity

| in € thousands | ISSUED CAPITAL | SHARE PREMIUM RESERVE | REVALUATION RESERVE | OTHER RESERVES | NET RESULT | TOTAL EQUITY |
|-----------------------------|----------------|-----------------------|---------------------|----------------|------------|--------------|
| At 1 January 2019 | 45 | 8,777 | 1 | 23,641 | -8,064 | 24,400 |
| Transfer of net result 2018 | - | - | - | -8,064 | 8,064 | - |
| Revaluation assets | - | - | 11 | - | - | 11 |
| Capital injection | - | 9,000 | - | - | - | 9,000 |
| Net result 2019 | - | - | - | - | -5,414 | -5,414 |
| At 31 December 2019 | 45 | 17,777 | 12 | 15,577 | -5,414 | 27,997 |
| Transfer of net result 2019 | - | - | - | -5,414 | 5,414 | - |
| Revaluation assets | - | - | 10 | - | - | 10 |
| Capital injection | - | 12,000 | - | - | - | 12,000 |
| Net result 2020 | - | - | - | - | -4,658 | -4,658 |
| At 31 December 2020 | 45 | 29,777 | 22 | 10,163 | -4,658 | 35,349 |

The authorised capital of € 227 thousand consists of 500 shares of € 453.79 nominal each. Of these, 100 shares have been issued and paid up.

ACTIAM's equity capital requirement stems from the provisions of Section 3:53 of the Dutch Financial Supervision Act (Wft) in conjunction with Section 48(c)(63) and (63b) of the Dutch Prudential Rules Decree (Financial Supervision Act).

The required internal minimum capital was € 27.6 million (31 December 2019: € 24.8 million) according to the 2020 ICAAP performed by the Management Board in close cooperation with Risk Management. At the end of the reporting period ACTIAM's equity was € 35.3 million. The increase in required internal minimum capital as compared to the previous reporting period is mainly due to the expected losses.

The share premium reserve increased with € 12 million (2019: € 9 million) due to a capital injection by Athora Netherlands.

LIABILITIES

6. CURRENT LIABILITIES

Breakdown of Current Liabilities

| in € thousands | 31 DECEMBER 2020 | 31 DECEMBER 2019 |
|--|------------------|------------------|
| Debts to group companies | 4,927 | 3,965 |
| Variable remuneration and allowances payable | 3,782 | 3,376 |
| Management fees payable | 1,720 | 2,899 |
| Dividend tax payable | 93 | 1,429 |
| Regulatory expenses | 206 | 616 |
| Audit fees | 272 | 242 |
| Asset management fees rebate payable | 63 | - |
| Accrued liabilities | 6,044 | 5,520 |
| Total | 17,107 | 18,047 |

Current liabilities are due in less than one year.

Debts to Group Companies

Per 31 December 2020 and per 31 December 2019 debts to group companies consists of the intra-group balance with Athora Netherlands and SRLEV.

Dividend Tax Payable

This item concerns received foreign dividend tax (including interest) to be transferred to the Dutch tax authority and various investment funds managed by ACTIAM.

Accrued Liabilities

This relates to other costs payable, such as costs for data, advisory services, external employees, outsourcing and other operating expenses payable.

7. COMMITMENTS AND CONTINGENCIES

There are no commitments and contingencies that are not disclosed in the balance sheet.

8. RELATED PARTIES

Identity of Related Parties

Parties qualify as a related party if one of the parties has the power to exercise control or significant influence on the other in terms of deciding on financial or operational issues.

Until 1 April 2020, ACTIAM's related parties were its ultimate parent Anbang, its parent Athora Netherlands, affiliates and ACTIAM's key management personnel and their close family members. On 1 April 2020, Athora acquired 100% of the shares of VIVAT (current: Athora Netherlands NV) from Anbang. Subsequently, Athora has sold 100% of the shares of VIVAT Schade to NN Schade. From that date, Athora and its affiliates became part of ACTIAM's related parties. Anbang and its affiliates and VIVAT Schade were no longer related parties.

Intra-group Balances and Transactions

Unless stated otherwise, transactions with related parties are conducted at arm's length as part of ACTIAM's normal operations. Besides the transactions at arm's length, ACTIAM has agreed, with effect from 1 January 2015 and amended in 2018 and subject to specific conditions including the expectation of adequate capitalisation of ACTIAM, that ACTIAM will offer a prescribed capped rebate on the fee it charges to SRLEV.

Intra-group Balances and Transactions

| In € thousands | ATHORA NETHERLANDS | | AFFILIATES | | TOTAL | |
|---------------------------------------|---|----------------------------------|---|----------------------------------|--|----------------------------------|
| | 31 DECEMBER 2020 | 31 DECEMBER 2019 | 31 DECEMBER 2020 | 31 DECEMBER 2019 | 31 DECEMBER 2020 | 31 DECEMBER 2019 |
| Positions | | | | | | |
| Assets | | | | | | |
| Asset management fees to be received | 157 | - | 7 | 55 | 164 | 55 |
| Receivables from group companies | - | - | 521 | 3,079 | 521 | 3,079 |
| Corporate income tax and dividend tax | 1,558 | 4,996 | - | - | 1,558 | 4,996 |
| Liabilities | | | | | | |
| Debts to group companies | 4,401 | 3,965 | 526 | - | 4,927 | 3,965 |
| Asset management fees rebate payable | - | - | 63 | - | 63 | - |
| | | | | | | |
| In € thousands | 1 January 2020 - 31 December 2020 | 1 January 2020 - 30 June 2020 | 1 January 2020 - 31 December 2020 | 1 January 2020 - 30 June 2020 | 1 January 2020 - 31 December 2020 | 1 January 2020 - 30 June 2020 |
| Transactions | | | | | | |
| Capital injection | 12,000 | 9,000 | - | - | 12,000 | 9,000 |
| Income | | | | | | |
| Asset management fees income | 1,098 | 562 | 26,226 | 28,623 | 27,324 | 29,185 |
| Asset management fees rebate | - | - | -7,005 | -6,131 | -7,005 | -6,131 |
| Gross fee income | 1,098 | 562 | 19,221 | 22,492 | 20,319 | 23,054 |
| Distribution fees expenses | - | - | 14,376 | 15,542 | 14,376 | 15,542 |
| Net fee income | 1,098 | 562 | 4,845 | 6,950 | 5,943 | 7,512 |
| Expenses | | | | | | |
| Employee benefits expenses | 8,466 | 8,265 | - | - | 8,466 | 8,265 |
| Other operating expenses | 2,205 | 2,891 | - | - | 2,205 | 2,891 |

There were no intra-group balances and transactions between ACTIAM and Anbang and ACTIAM and Athora.

Key Management Personnel

The key management personnel consists exclusively of the members of the ACTIAM Management Board. The ACTIAM Management Board comprised of two employees as at 31 December 2020 (31 December 2019: 3). Refer to Paragraph 1.8 Remuneration Policy for the remuneration of key management personnel. There are no loans, advances and guarantees outstanding on 31 December 2020 (and 31 December 2019) and/or granted to key management personnel during 2020.

9. EVENTS AFTER THE BALANCE SHEET DATE

There are no events after reporting date which should be disclosed in the financial statements.

2.4.3 NOTES TO THE PROFIT AND LOSS ACCOUNT

INCOME

10. GROSS FEE INCOME

Breakdown of income

| in € thousands | 2020 | 2019 |
|------------------------------|---------------|---------------|
| Asset management fees income | 68,863 | 74,493 |
| Asset management fees rebate | -7,005 | -6,131 |
| Total | 61,858 | 68,362 |

Asset Management Fees Income

This concerns all-in fees received from investment funds and fees received for asset management and administration services. The decrease in asset management fees income resulted from the reallocation of funds by a distribution partner, the sale of Athora Netherlands' Property and Casualty business and the exit of a large customer. The decline in fees was partly offset by higher fees received for the captive portfolio.

Asset Management Fees Rebate

Athora Netherlands is the sole shareholder of both ACTIAM and SRLEV. As requested and approved by Athora Netherlands, SRLEV and ACTIAM have agreed that ACTIAM will, with effect from 2015 and subject to specific conditions, including the expectation of adequate capitalisation of ACTIAM, offer a prescribed capped rebate on the fee it charges to SRLEV. In the event of lagging operating profit, the Management Board will decide on a case-by-case basis whether the discretionary power should be used to postpone the Rebate Agreement with SRLEV.

11. ASSET MANAGEMENT FEES EXPENSES

Breakdown of Asset Management Fees Expenses

| in € thousands | 2020 | 2019 |
|--------------------------------------|---------------|---------------|
| Distribution fees | 14,988 | 16,260 |
| Costs of outsourced asset management | 6,068 | 8,368 |
| Custodial fees | 2,558 | 2,678 |
| Total | 23,614 | 27,306 |

Distribution Fees

Distribution fees mainly concern fees paid or payable to SRLEV. A distribution fee is a fee paid for the fact that the premiums for unit-linked policies, savings pools and pension products for the purposes of institutional asset management are invested in the funds managed by ACTIAM.

Costs of Outsourced Asset Management

This concerns costs of asset management services outsourced to third parties.

Custodial Fees

This concerns costs as paid to the custodian, amongst others for keeping securities in safe custody.

OPERATING EXPENSES

12. EMPLOYEE BENEFITS EXPENSES

Breakdown of Employee Benefit Expenses

| in € thousands | 2020 | 2019 |
|-------------------------------|---------------|---------------|
| Salaries and wages | 15,657 | 18,313 |
| Pension costs | 2,349 | 2,347 |
| Social security contributions | 1,438 | 2,004 |
| Other personnel expenses | 5,355 | 3,618 |
| Total | 24,799 | 26,282 |

The employee benefits expenses are comprised of personnel expenses, directly associated with employees and the members of the Management Board, who are on Athora Netherlands' payroll and indirect expenses recharged by Athora Netherlands. ACTIAM's number of internal FTE's is 88 on 31 December 2020 (31 December 2019: 100). The total employee benefit expenses decreased mainly as a result of a lower headcount in 2020.

Other personnel expenses consist mainly of personnel expenses as charged by Athora Netherlands NV. In September 2020 the new Strategy & Operating Model of Athora Netherlands including ACTIAM were presented by the Executive Board of Athora Netherlands. Implementing the new Strategy & Operating Model would result in a reduction of FTE's. The costs associated with the reduction in FTE are to be provided for. Other personnel expenses increased in 2020 due to these restructuring costs.

13. OTHER OPERATING EXPENSES

Breakdown of Other Operating Expenses

| in € thousands | 2020 | 2019 |
|--|---------------|---------------|
| Administrative, accounting and reporting costs | 11,547 | 12,092 |
| Costs data vendors | 3,092 | 3,374 |
| Recharged expenses | 1,597 | 2,355 |
| Costs external advisors | 1,117 | 1,914 |
| Automatisation | 634 | 806 |
| Costs operational errors | 82 | 434 |
| Other costs | 1,348 | 860 |
| Total | 19,417 | 21,835 |

Administrative, Accounting and Reporting Costs

Included within administrative, accounting and reporting costs are amounts paid in respect of outsourcing of certain mid and back office asset management operations, fund and investment accounting and reporting services.

14. NET FINANCIAL RESULT

Breakdown of net financial result

| in € thousands | 2020 | 2019 |
|--|-------------|-------------|
| Interest income | 300 | 20 |
| Interest expenses and result on financial assets | -178 | -75 |
| Amortisation | -358 | -113 |
| Total | -236 | -168 |

Interest Income

This concerns interest received on bonds. Ultimo December 2020 the bonds portfolio has been completely redeemed. The increase of interest income compared with 2019 is due to the purchase of the 3.5% government bonds at year-end 2019 and held by ACTIAM till July 2020.

Interest Expenses and Result on Financial Assets

This concerns interest paid on bank charges and results on financial assets. Results on financial assets consist of results on short term Dutch government bonds except amortisation and results on the shares portfolio.

Amortisation

This concerns amortisation of government bonds. The increased amortisation is driven by the change in the composition of the bonds portfolio.

15. INCOME TAX

Breakdown of Tax Income (-) / Tax Expense (+)

| In € thousands | 2020 | 2019 |
|------------------------------|---------------|---------------|
| In financial year | -1,557 | -1,797 |
| Due to temporary differences | 4 | -21 |
| Total | -1,553 | -1,818 |

The corporate income taxes are irrevocable for the years up to and including 2018.

Reconciliation between the Statutory and Effective Tax Rate

| In € thousands | 2020 | 2019 |
|--|---------------|---------------|
| Statutory income tax rate | 25% | 25% |
| Result before tax | -6,211 | -7,232 |
| Statutory corporate income tax amount | -1,553 | -1,818 |
| Total | -1,553 | -1,818 |
| Effective tax rate | 25% | 25% |

16. RESULT APPROPRIATION

For the provisions of the articles of association governing the appropriation of profit or loss reference is made to Section Other information.

The Management Board proposes to the General Meeting of Shareholders to charge the negative result for 2020 of € 4,658 thousand to the other reserves of ACTIAM NV.

In accordance with the resolutions of the General Meeting of Shareholders of ACTIAM NV held on 31 March 2020 the total negative result for 2019 of € 5,414 thousand has been charged to the other reserves of ACTIAM NV.

Amsterdam, the Netherlands, 26 March 2021

ACTIAM NV
F.L. Kusse, CEO
D.G. Keiller, CTO



3 **Other Information**

3.1 **PROVISIONS IN THE ARTICLES OF ASSOCIATION REGARDING PROFIT APPROPRIATION**

Article 31 of the Articles of Association governs the appropriation of profit.

ARTICLE 31

1. The profits shall be at the free disposal of the general meeting.
2. The company may only make distributions to shareholders and other persons entitled to the distributable profits to the extent its equity exceeds the total amount of its issued share capital and the reserves which have to be maintained pursuant to the law.
3. Distribution of profits shall take place following the adoption of the annual accounts from which it appears that such distribution is allowed.

Independent auditor's report

To: the shareholders and the management board of ACTIAM N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 of ACTIAM N.V., based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of ACTIAM N.V. as at 31 December 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2020
- The profit and loss account for 2020
- The notes comprising a summary of the significant accounting policies and other explanatory information.

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 ACTIAM N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on 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 that consists of:

- Management Board report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

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 substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the management board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board
- Concluding on the appropriateness of the management board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an company to cease to continue as a going concern
- ☒Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ☒Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 26 March 2021

Ernst & Young Accountants LLP

Signed by J.C.J. Preijde

