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**ACTIAM N.V.**  
**Annual Report 2021**



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# 1 Management Board Report

## 1.1 GENERAL

ACTIAM N.V. (ACTIAM) is fund manager and asset manager and was, until the completion of the acquisition of ACTIAM by Cardano Risk Management B.V. on 1 January 2022, a wholly owned subsidiary of Athora Netherlands N.V. ACTIAM has its registered office located in Utrecht, the Netherlands and has its principal place of business located at Weena 690 (21st floor), 3012 CN Rotterdam, 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.

More information about ACTIAM can be found on its website: [www.actiam.com](http://www.actiam.com).

### STRATEGY

ACTIAM is a leading Dutch asset management company, with a long track record in sustainable investing, working on behalf of a wide range of investors including 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. This makes ACTIAM "Responsible for growth".

As part of the agreed purchase, ACTIAM has entered into a Long-Term Strategic Partnership Agreement for the duration of 10 years with Athora Netherlands to manage approximately €15 billion of assets and continue to provide ACTIAM's award winning sustainable investment capabilities to stand at the heart of Athora Netherlands' differentiated product offering.

Further ACTIAM will invest in expanding her wholesale business with required product strategies, characteristics and structures. Diversify her institutional clients base through synergies within the Cardano Group and through third party clients. Besides we continue with our successful ESG services and impact strategies to meet the growing demand in the Netherlands and the UK. As one of the few 'pure-play' sustainable asset managers we want to maintain and expand our sustainable ESG expertise.

ACTIAM recognises that companies and countries that have prepared for the sustainable transition to perform better than those that do not consider the changing material environmental, social and governance (ESG) requirements of society.<sup>1</sup> 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 these investments, in stimulating behavioural change and in contributing towards achieving the Sustainable Development Goals (SDGs). This approach is aligned with that of the EU Sustainable Finance Disclosures Regulation (SFDR), as it is assessing the sustainability risks that could cause a material negative impact on the value of an investment. The types of sustainability issues that are being considered include climate change, biodiversity loss, water scarcity, chemical emissions, waste, social and community issues, human capital, and organisational behaviour (including governance issues). These issues may result in transition risks driven by policy, legal and technology changes as there is a move towards a more sustainable economy, as well as reputational, operational, and physical risks to entities if they are not able to manage the issues sufficiently. ACTIAM's view is that integrating assessments of sustainability risks and opportunities leads to better informed investment decisions and better risk-adjusted returns in the long run.

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 as well as engagement and voting 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. The policy describes how sustainability risks are integrated into the ACTIAM investment decision-making process. It also describes how principal adverse impacts on sustainability factors for all investment decisions are being identified and prioritised.

<sup>1</sup> <https://www.actiam.com/en/sustainable-investments/ambitions/>

However, the basis of ACTIAM's policy is that companies and countries must comply with ACTIAM's socio-ethical investment principles, namely the Fundamental Investment Principles. These principles define the bottom-line of its investments. Companies and countries not complying with these principles are not included in the investment universe.

## NOTABLE ACHIEVEMENTS IN 2021

COVID-19 still dominated the financial markets. Concerns about inflation and potential counter measures by central banks, in addition to weakening the US dollar, have put pressure on the performance of most of the funds managed by ACTIAM.

The book of business of ACTIAM in terms of Assets under Management (AuM) dropped to € 20.0 billion per 31 December 2021 (31 December 2020: € 58.1 billion). This was primarily due to transfer Own Account related activities to Athora Netherlands' Investment Office (IO) in July (AuM decrease of € 38 billion). Unfortunately, ACTIAM also received the notification of the termination by a prominent institutional third-party client (AuM decrease of € 2 billion). The transition took place in September 2021.

One of the largest health insurers in the Netherlands, has appointed ACTIAM as its partner for socially responsible investment. ACTIAM will support this health insurer in realizing its sustainability ambitions, translating it into policy with concrete and measurable objectives. Furthermore, ACTIAM supports this insurer to comply with its obligations in the field of sustainable investments.

During 2021 ACTIAM executed several fund restructurings, amongst others in relation to changes in fiscal regulation and in order to optimise the fiscal structure of the funds in scope. In this respect, in the first quarter of 2021 the 14 sub funds of RZL Beleggingsfondsen N.V. were terminated per 11 January 2021, and were as such consolidated with predominantly Zwitserleven funds. Subsequently, following the liquidation of ACTIAM Beleggingsfondsen N.V. in the first half of 2021, ACTIAM Beleggingsfondsen I was launched per 2 July 2021 as an umbrella fund with a fiscal status as fiscal investment institution (FBI) encompassing six equity funds. The activities of these funds were continued through newly established funds within the umbrella ACTIAM Beleggingsfondsen I. A notable development for the investment funds as well was the implementation of level 1 of the Sustainable Finance Disclosure Regulation (SFDR) on 10 March 2021, where to that end sustainable investment policies have been further upgraded, all in anticipation of implementation of both SFDR and Taxonomy Regulation.

In terms of new fund launches, per 15 september 2021 ACTIAM launched the ACTIAM Impact Financial Inclusion Fund. This fund, that acts as a feeder fund for the flagship strategy ACTIAM Financial Inclusion Fund, enables retail and wholesale investors to gain indirect exposure to private loans to financial inclusion institutions in developing and emerging countries. Financial inclusion institutions are considered to generate substantial societal value (*'impact'*), by facilitating access to financial services for low income people and companies, also known as microfinance.

Furthermore, in October 2021 ACTIAM published its strategy to reduce water-related risks for its investment portfolios and to contribute to solving the freshwater crisis. The strategy paper shows which are the main water-related risks identified and which steps ACTIAM takes to mitigate the financial water-related risks and how it embraces water-related investment opportunities.

In November 2021, ACTIAM terminated the contract with Amundi Asset Management S.A. (*'Amundi'*), the former external manager of the ACTIAM Duurzaam Index Aandelenfonds Opkomende Landen, whereby ACTIAM insourced the asset management. The decision to no longer outsource these asset management activities was taken, among other things, in the light of (future) developments in the implementation of the sustainable investment policy as well as the related legislation and regulations.

Although sustainable investments have become a sweet spot, stimulated by public opinion and regulatory enforcement, ACTIAM has seen a net outflow from the ACTIAM-labelled funds of more than € 1.2 billion. Fund outflows have not been offset by sufficient inflows, partly due to ACTIAM's corporate situation.

The ACTIAM Impact Financial Inclusion Fund, launched in September 2021 for retail investors, saw a net inflow of more than € 10 million. The flagship strategy, which previously was only accessible to institutional investors, offers retail investors the opportunity to invest in the development and professionalisation of smaller enterprises in emerging and developing countries. This strategy and newly launched fund is managed by an award-winning dedicated team for impact investing, which - for the second year in a row - has won the Cashcow Award for "Best Impact Investing Provider".

ACTIAM's sustainable investment and impact strategies continue to win prizes and nominations. ACTIAM was proud winner of the 'Gouden Stier' award for its ACTIAM Duurzaam Index Aandelenfonds Wereld (September 2021). Moreover, ACTIAM has won the 'ESG Engagement Initiative of the Year' award for its satellite image-based engagement programme in the fight against deforestation (June 2021). Furthermore, ACTIAM was nominated for "Best Provider of Sustainable Investment Products" by the readers of magazine Cash (October 2021) and nominated for the Asset Allocation Award Equity Regional by Alpha Research (February 2022).

In 2021 ACTIAM committed itself to the Dutch charity "Het Oranje Fonds" again. As the COVID-19 virus measures relaxed slightly, fortunately the in-kind volunteer work during the annual charity event 'NL Doet' took place. As the COVID-19 crisis has an impact on society as a whole, it makes it even more valuable to commit ACTIAM to this charity that has a broad target group of (amongst others) elderly people, young people and refugees.

## FUND MANAGEMENT

ACTIAM is the Alternative Investment Fund Manager (AIFM) of the following funds as per 31 December 2021:

- ACTIAM Beleggingsfondsen N.V. in liquidatie;
- ACTIAM Beleggingsfondsen I;
- ACTIAM Beleggingsfondsen II;
- ACTIAM Duurzaam Index Aandelenfonds Opkomende Landen;
- ACTIAM Duurzaam Index Aandelenfonds Wereld;
- ACTIAM Duurzaam Euro Obligatiefonds;
- ACTIAM Sustainable Index Fund Equity Europe;
- ACTIAM Sustainable Index Fund Equity North America;
- ACTIAM Sustainable Index Fund Equity Pacific;
- ACTIAM Sustainable Emerging Markets Debt Fund (HC);
- ACTIAM Financial Inclusion Fund;
- ACTIAM Impact Financial Inclusion Fund;
- ACTIAM-FMO SME Finance Fund I;
- Zwitserleven Beleggingsfondsen;
- Zwitserleven Institutionele Beleggingsfondsen;
- Amerika Aandelenpool;
- Azië Aandelenpool; and
- Global Emerging Markets Equity Pool.

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 and retail investors, of which Athora Netherlands and its subsidiaries represent the largest share. 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 21 October 2021, ACTIAM was informed by its shareholder Athora Netherlands N.V. ("Athora Netherlands") about the agreement with Cardano Risk Management B.V. ("Cardano") on the sale of the ACTIAM's shares. After obtaining the necessary regulatory filings and approvals and consultation of the works council, the transaction

was formally closed on 1 January 2022. Cardano subsequently announced on 3 January 2022 that it has completed the acquisition of ACTIAM by acquiring 100% of the shares from Athora Netherlands.

The guiding principle for the sale was to find a party with a long-term view, focused on the growth of ACTIAM, with a high regard for sustainability and with specialised knowledge of and affinity with the (Dutch) market for fund and asset management. The new shareholder will ensure continuity of ACTIAM's expertise in impact investing and sustainable asset management for equities and fixed income, while also leveraging Cardano's industry-leading expertise in investment advice and risk management.

ACTIAM Sense B.V., a private limited liability company (besloten vennootschap) was established in November 2021 and incorporated under Dutch law, having its registered office located in Utrecht, the Netherlands. ACTIAM Sense B.V. offers modular (ESG) services in terms of policy development, active share ownership, research and monitoring, as well as impact measurements and reporting. After consultation of the AFM, the activities currently performed by ACTIAM Sense B.V. are not covered under the limitative allowed activities of an AIFM. Therefore ACTIAM N.V. created a 100% owned non-regulated subsidiary to provide that part of the ESG Services that is non-regulated and that cannot be performed by ACTIAM N.V.

Prior to the sale of ACTIAM and as one of the outcomes of the Strategic Review conducted in 2020, the Own Account related activities were transferred to Athora Netherlands' Investment Office (IO). It accommodated Athora Netherlands' desire for a more dynamic tactical asset allocation whilst enabling ACTIAM to focus more on third-party growth. Mid-June 2021 the management of the Own Account assets was handed back. This included a smooth migration of assets, data and the operational infrastructure. This handover also meant that 15 ACTIAM staff were transferred to the Investment office of Athora Netherlands as of 1 July 2021.

The SFDR project was another major organisation-wide activity that took place. The terms and conditions of the funds managed by ACTIAM were amended in accordance with the requirements of the SFDR (Sustainable Finance Disclosure Regulation). This required the inclusion of sustainability information in the prospectuses of the investment funds it manages. This was done in addition to further optimizing the funds from a tax point of view.

### 1.2.2 DEVELOPMENTS IN ASSETS UNDER MANAGEMENT

As of 31 December 2021, the total AuM was € 20.0 billion (ultimo 2020: € 58.1 billion) of which € 19.0 billion consisted of assets in investment funds (ultimo 2020: € 17.1 billion). Total AuM decreased by € 38.1 billion compared to ultimo 2020 mainly as a result of the transfer of the general account assets to Athora Netherlands, partly compensated by favorable market movements.

#### Assets under Management

in € millions	ASSETS UNDER MANAGEMENT
31 December 2021	19,957
30 June 2021	21,507
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

#### Financial Markets

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

##### *Fixed Income*

In 2021, the yield of 10-year German bonds rose by 39 basis points (bps) to minus 0.18%. The yield of its US counterpart rose from 0.91% to 1.51%, an increase of 60bps. The main explanation of higher yields is the explosive increase in inflation. The US Fed, in particular, is feeling social and political pressure to respond. At the announced pace, the Fed will stop buying bonds in the first half of 2022. The Fed hints also at multiple rate hikes in 2022 to combat inflation. The ECB set out in December 2021 its path for normalisation of the bond-buying program, but did indicate that there will not be a rate hike in 2022. In addition, spreads between Germany and most other countries within the eurozone widened. For example, the spreads of countries such as Italy (+24bps),

Slovenia (22bps), Belgium (+18bps) and Ireland (+16bps) clearly widened. The spreads of Portugal (+4bps) and The Netherlands (+6bps) widened very modestly. Credit spreads tightened in this period about 13 bps. ACTIAM's sustainable fixed income strategy ended 2021 with a negative absolute performance of 1.9% due to the higher interest rates.

#### *Equity Markets*

The year 2021 was an exceptionally strong year for the equity markets. The main reason for the excellent performance was the massive growth of corporate earnings. Inflation is even a positive factor. Inflation ensures higher turnover and as long as input and wage costs remain below inflation, this is a stimulus for corporate earnings. The global stock market (all countries) rose by 28% in 2021, measured in euros. North American stocks led the list, gaining an average of 36%. Europe and Pacific regions followed at some distance with returns of 25% and 10% respectively. The Emerging Markets region underperformed with a return of 5%. The disappointing return was mainly due to stricter regulations in China for, among others, large technology companies, which lost tens of percent in value as a result. The sector technology performed again very well with a return of 41%, continuing the positive trend. Energy was the best performing sector in 2021 with a return of 49%, but this sector underperformed in 2020.

### 1.3 **COMPOSITION OF THE MANAGEMENT BOARD**

As of 1 January 2022, the Management Board of ACTIAM consists of Mr. H.H.J.G. Naus (Chief Executive Officer, CEO) and Mrs. H.S.R. Veelaert (Chief Investment Officer, CIO). On 3 January 2022 Mr. M.C. Strijbos (Chief Finance and Risk Officer, CFRO) and Mr. J. Sunderman (Chief Operating Officer, COO) joined the Management Board of ACTIAM. The board members have extensive experience and expertise in the asset and fund management industry at management level. Prior to the appointment of the board members, the AFM approved the members and the composition of the ACTIAM Management Board.

During the reporting period and at the beginning of 2022, changes took place in the Management Board of ACTIAM. On 30 March 2021, Mrs. H.S.R. Veelaert joined the board as CIO. Mr. F.L. Kusse stepped down as CEO on 31 December 2021. He will assist Cardano as an advisor to achieve a smooth transition in the period after the acquisition of ACTIAM by Cardano. He was succeeded by Mr. H.H.J.G. Naus who has been appointed as CEO of ACTIAM as of 1 January 2022 and who fulfills this position in addition to his role as CEO of Cardano Risk Management B.V. From 1 February 2021 to 31 December 2021, Mr. D.G. Keiller, previously Chief Transformation Officer and Chief Risk Officer a.i., assumed the role of CFRO. He has chosen to continue his career outside ACTIAM with effect from 1 January 2022. He was succeeded by Mr. M.C. Strijbos, who was appointed CFRO on 3 January 2022. In addition, Mr. J. Sunderman joined ACTIAM's Management Board on 3 January 2022 in the position of COO.

### 1.4 **SUSTAINABLE INVESTMENT MANAGEMENT**

Over the summer, The European Union (EU) detailed how it will reduce greenhouse gas emissions in the coming years, with the plan potentially revolutionizing many sectors from air travel to shipping. The 27-member bloc has vowed to become carbon neutral by 2050 and to reduce its greenhouse gas emissions by at least 55% by 2030 from 1990 levels. The financial sector has a critical role to play in this process in order to build a financial system that supports sustainable growth. To that end, the European Commission (EC) has developed a comprehensive Action Plan, including both legislative and non-legislative initiatives. Examples include new legislation on disclosures by fund managers and investors relating to sustainability risks and sustainable investments. To match these developments, ACTIAM continues to improve its disclosure and contribute to industry standards to increase transparency towards customers. For example, ACTIAM has engaged with investees on improving transparency against deforestation, published a new climate strategy with clear targets and classified its funds in line with the SFDR, which come with additional disclosures on impact indicators.

#### **Innovation award for ACTIAM's engagement programme against deforestation**

ACTIAM has won the 'ESG Engagement Initiative of the Year' award for its satellite image-based engagement programme in the fight against deforestation. ACTIAM launched the engagement programme called 'Satellite-based engagement towards zero deforestation' in 2020 to support its ambition on land use: no more deforestation by 2030. The engagement focuses on companies that provide insufficient information about their suppliers and on companies that have been linked to deforestation in the palm oil sector in Malaysia. These cases were uncovered through satellite imagery and artificial intelligence provided by Satelligence.



Companies were engaged on their efforts to reduce and mitigate deforestation associated with their palm oil supply chain in Malaysia. Many companies responded and the response was overall positive; the companies were open to dialogue. They all investigated the cases of deforestation that were shared with them through the satellite-detected data. The majority of the companies indicated that they had discovered the instances themselves or had contacted their suppliers to take appropriate measures. Another key insight from the conversations with companies so far, is the need for multi-stakeholder collaboration and recovery to address the systemic challenges of deforestation. This is the only way to counteract the negative effects of climate change and the loss of biodiversity.

The award was presented at the Sustainable Investment Awards 2021, an initiative of Environmental Finance, a news and analysis platform.

### **New climate strategy for ACTIAM**

Already in 2015, just after the Paris Climate Agreement was agreed upon, ACTIAM formulated a long-term climate target in line with that Agreement. At that moment, an intermediate target was formulated to reduce greenhouse gas emissions of its investments by 30% before 2030 compared to 2010. Already in 2020, ACTIAM has surpassed this target.

Parallel, ACTIAM has made its investment policy more sustainable, by selecting issuers that reduce their greenhouse gas (GHG) emissions and by divesting from highly polluting issuers. So, it is time for new ambitions. Not only to formulate a pathway and agenda towards climate neutrality, but also to mitigate financial risks and exploit financial opportunities that climate change brings about. With these new ambitions, ACTIAM will again be in line with the latest scientific insights and with the financial sector guidance on target-setting of the Science-Based Target Initiative (SBTI).

ACTIAM aims to achieve net-zero greenhouse gas emissions across all assets under management by 2050 to limit global warming to a maximum of 1.5°C. ACTIAM has defined two intermediate targets; to reach 50% emissions reduction by 2030 and 75% by 2040 compared to 2020. These are based on an average 7% annual greenhouse gas emissions reduction pathway in line with the 1.5°C trajectory with limited overshoot. To achieve these interim goals, an ambitious plan has been developed to encourage companies through stewardship to set climate goals and take related actions. The strategy is described in detail in [ACTIAM's climate strategy document](#).

### **SFDR classification of ACTIAM funds**

In December 2019, the European Commission published the European Green Deal. This is a series of policy initiatives aimed at making Europe climate neutral by 2050. The Commission has drawn up an Action Plan for Financing Sustainable Growth. This action plan consists of a large number of rules and regulations for the financial sector.

As part of the action plan, the SFDR came into effect in March 2021 this year. The SFDR stands for 'Sustainable Finance Disclosure Regulation' and contains rules for the disclosure of sustainability information. The purpose of these rules is to make customers (even more) aware of the sustainable impact of financial products. In addition, it is necessary to make products more comparable so that more sustainable choices can be made.

As of 10 March 2021 ACTIAM has amended the terms and conditions in accordance with the requirements of the SFDR. With the introduction of SFDR, managers are required to include sustainability information in prospectuses of the investment funds they manage. In addition to updating the prospectuses, ACTIAM has published as part of the SFDR a [Principal Adverse Impacts \(PAI\) statement](#) and the [SFDR classification of ACTIAM funds](#), as well as an updated Remuneration Policy and [Fund documentation](#) on its website.

## **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

Due to the transfer of all shares in ACTIAM N.V. by Athora Netherlands N.V. to Cardano Risk Management B.V. (“Cardano Risk Management”) on 1 January 2022, ACTIAM N.V. will conduct its own risk management policy. As of this date, this policy will no longer fall under the policy of Athora Netherlands N.V. This paragraph focuses on the reporting year of 2021 and provides information on the risk management of ACTIAM and Athora Netherlands as it applied throughout 2021.

### 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 Risk Management Committee (RMC).

### 1.6.2 GOVERNANCE

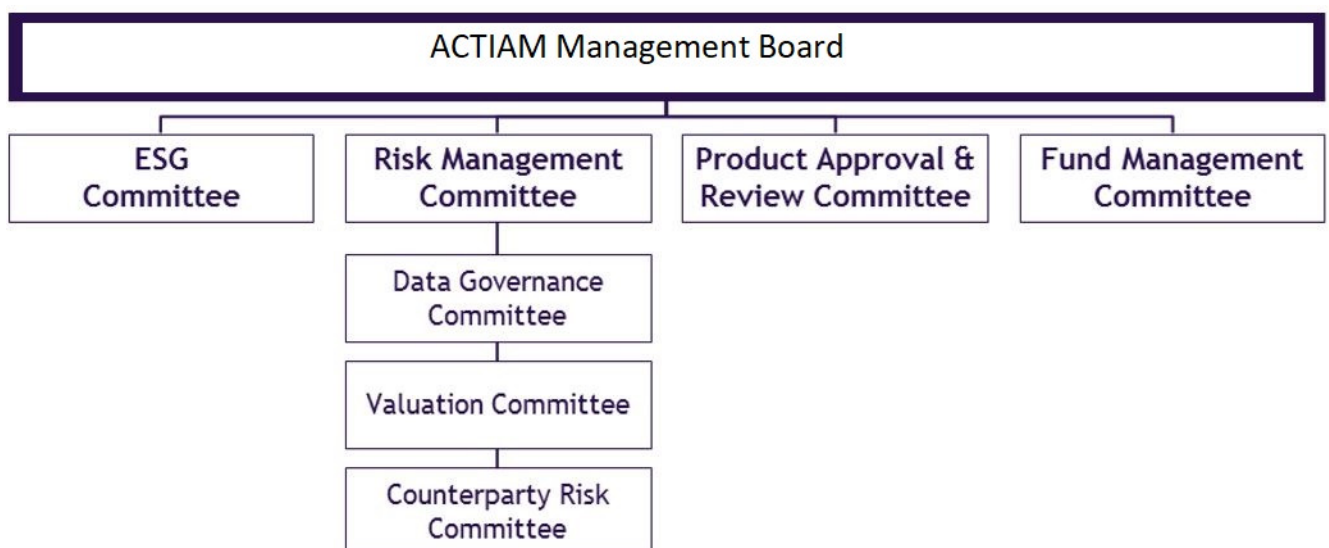
ACTIAM has implemented a framework of procedures and internal controls for mitigating operational and financial risks. The 'three lines of defence' approach is applied, in which various organisational layers each have their own tasks and responsibilities. The three lines of defence support and reinforce 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 (risk) 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.<sup>2</sup>

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:



<sup>2</sup> As of 1 January 2022, ACTIAM has its own internal audit function, which is outsourced to KPMG.

- **ACTIAM ESG Committee** This committee decides on the Fundamental Investment Principles and is tasked with decisions related to Environment, Social & Governance (ESG) aspects.
- **ACTIAM Risk Management Committee (RMC)** The RMC is owner of and responsible for the risk management processes of ACTIAM. 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 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 Valuation Committee (VC)** The VC is responsible for approving the valuation policy and monitoring the quality of valuations of all investments.
- **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 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 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.

### 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. During 2021, the CFRO of ACTIAM reported 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

During 2021, the compliance function was 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. The Manager Legal & Compliance maintains oversight on compliance and legal matters pertaining to ACTIAM's business and reports to the ACTIAM Board. As of 1 January 2022, ACTIAM has its own dedicated Compliance Officer.

### 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 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 financial and non-financial investment targets of its clients in line with investment management agreements; and
- ACTIAM works hard to maintain its reputation as a sustainable fund- and asset manager.

Potential strategic risks may arise from the points as mentioned above. These risks may include business risk (related to fees, products, customer concentration and possible lack of execution power) and reputation risk.

	RISK APPETITE	IMPACT	MATERIALISATION	RISK CONTROL
Strategic risk	Low	Medium	In 2021 fund outflows were not offset by sufficient inflows, partly due to ACTIAM's corporate situation. The sale of ACTIAM to Cardano offers stability and continuity, as it secures the expertise of ACTIAM in impact investing and ESG-focused asset management, while leveraging of Cardano's leading expertise in investment advisory and risk management.	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	MATERIALISATION	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 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) an Oversight & Change department has been installed at ACTIAM.

ACTIAM has outsourced the implementation of the engagement and voting policy. Furthermore ACTIAM has in some cases outsourced portfolio management of certain strategies to external asset managers. The principles of cooperation with external asset managers are agreed upon via asset management agreements. These agreements include provisions that guarantee that ACTIAM can comply with the outsourcing requirements arising from the Wft. In addition, the agreements with external asset managers include provisions relating to performance standards, mutual disclosures, compensation and details with respect to the investment policy. The costs of the outsourced activities are fully borne by ACTIAM.

#### **Cybercrime risk**

A specific operational risk is the cybercrime risk. Cybercrime is becoming increasingly prominent, especially as the threat for ransomware is growing. Ransomware is also increasing, both in frequency of occurrence and cost of damage. Fighting cybercrime, and therefore also ransomware, is a top priority for ACTIAM. In 2021, there were no reported incidents with regard to cybercrime within ACTIAM. Appropriate organisational and technological measures have been taken to mitigate cybercrime risks, including the use of new tooling, stricter monitoring of security at suppliers by tightening-up contracts and improving reporting. Within the sector, there is also collaboration with other financials, the Digital Trust Center and the National Cyber Security Center. Furthermore, additional measures have been taken, especially in the field of ransomware. For example, Actiam recently held a so-called ransomware exercise in the context of crisis management, in which efforts were made to increase awareness in the field of phishing, which often leads to cybercrime risk.

	RISK APPETITE	IMPACT	MATERIALISATION	RISK CONTROL
Operational risk	Low	High	<p>The extent of risk accepted on an operational level is formally set in a risk appetite statement. During the reporting period, the impact of incidents related to operational risk was within acceptable levels.</p> <p>Outsourcing- or cyber risks did not materialise during the reporting period.</p>	<p>In relation to the incidents which took place in 2021, no significant impact occurred. Incidents have been followed up after discovery timely and appropriately in accordance with the incident management policy.</p> <p>Operational risks resulting from increased working from home due to COVID-19 restrictions, have been effectively mitigated through ACTIAM's working from home policy.</p> <p>The outsourcing risk is managed on the basis of ACTIAM's outsourcing policy in which a central aspect is the monitoring of delegated tasks. This includes periodic meetings with the outsourcing relationship and obtaining the ISAE 3402 type II statement.</p>

### 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	MATERIALISATION	RISK CONTROL
Integrity risk	Low	High	This risk has not materialised 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 incident management process. 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	MATERIALISATION	RISK CONTROL
Portfolio compliance risk	Low	High	During the reporting period one active breach took place. The breach was quickly identified and rectified, and didn't have a negative impact on participants of the related investment funds.	An elaborate system of automated pre-trade and post-trade compliance checks is performed on a daily basis. The pre-trade and post-trade checks ensure that the implementation of the investment policy fits within the boundaries of the prospectus/mandate.

### COVID-19 related risk

The COVID-19 pandemic is causing significant impact to our society, to ACTIAM, to ACTIAM's clients and other stakeholders, including employees and suppliers. Since the beginning of 2020, financial markets have been volatile, characterized 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 have responded with aid packages and further quantitative easing. In relation there is much uncertainty which may have an impact on the funds.

ACTIAM continuously monitors the situation as a result of COVID-19 and the potential impact on amongst others ACTIAM's financial position, on the financial markets and on the funds managed by ACTIAM, and has taken necessary mitigating actions where possible. Since 16 March 2020 and most of the past two years, nearly all ACTIAM employees have been working from home. ACTIAM had started hybrid working in June 2021, where employees had the option to work from home as well as from the office, until stricter measures were announced again in November 2021. 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 and hybrid working has not had a material impact on ACTIAM's business operations. Recently the Dutch government has decided to ease most of the corona measures, in this light ACTIAM allows for hybrid working from home as well as from the office.

	RISK APPETITE	IMPACT	MATERIALISATION	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 part of the EU (and therefore the UK is also not 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. The contents of a Memorandum of Understanding were agreed upon on 26 March 2021. However at the date of publication of the annual report, this document was not yet signed into effect. Even if signed into effect substantial uncertainty will continue to exist with regard to financial services to and from the UK. At this point in time the EU has only recognised a limited number of UK laws and regulation as "equivalent", whereas the UK has recognised more EU laws as equivalent. EU firms are therefore able to provide more services to the UK than vice versa.

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	MATERIALISATION	RISK CONTROL
Brexit risk	Low	Low	No Brexit related risks have materialised during the reporting period.	ACTIAM has closely monitored the developments concerning Brexit and has timely executed actions to mitigate all Brexit related risks in 2021.

### 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 2021 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 (2020: € 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 Management 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 € 21.7 million. Based on the balance sheet per ultimo 2021 the available capital is € 34.1 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.

### 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 over 2021 and performed the audit of the 2021 ISAE 3402 type II report. The 2021 ISAE 3402 type II report was finalised in February 2022 with an unqualified auditor's opinion.

## 1.7 DEVELOPMENTS IN EARNINGS

The net result over the reporting period was a loss of € 1.3 million. Asset management fees income received in the reporting period decreased to € 41.4 million compared to prior year (year 2020: € 61.9 million including fee rebate). The decrease in asset management fee income was the result of the transfer of activities to and a change in tariff structure by Athora Netherlands, and the exit of a large customer, partly offset by higher fees driven by favorable financial markets.

Asset management fees expenses decreased by € 15.7 million to € 7.9 million (year 2020: € 23.6 million) due to a combination of the transfer of activities to and a change in tariff structure by Athora Netherlands.

Operating expenses decreased by € 9.2 million to € 35.0 million (year 2020: € 44.2 million) as a result of lower fund administration costs, lower IT costs and lower salaries as a result of the transfer of activities to Athora Netherlands and cost savings.

Operating profit before tax increased from € -6.2 million in 2020 to € -1.7 million in 2021. To conclude, the net result over the reporting period was a loss of € 1.3 million (year 2020: loss of € 4.7 million).

## 1.8 REMUNERATION POLICY

This paragraph describes Athora Netherlands' Group Remuneration Policy and more specifically ACTIAM's remuneration policy over 2021 and explains how the policy is implemented in practice. Due to the transfer of all shares in ACTIAM N.V. by Athora Netherlands N.V. to Cardano Risk Management B.V. ("Cardano Risk Management") on 1 January 2022, ACTIAM's remuneration policy is subject to the remuneration policy of Cardano Risk Management. This paragraph focuses on the reporting year of 2021 and therefore includes information with respect to Athora Netherlands' group remuneration policy as applicable to ACTIAM throughout 2021.

The objective of the remuneration policy is to recruit and to retain highly qualified staff and to motivate employees to achieve high performance, in order to provide appropriate remuneration that contributes to the sustainability of ACTIAM to all employees. ACTIAM aims to ensure long-term value creation and has therefore



chosen to use the Sustainable Development Goals (“SDGs”) as a guideline for further development of its Corporate Social Responsibility Policy in business operations. Pursuant to the SDGs, Athora Netherlands’ and ACTIAM’s human resources principles for remuneration are aimed at ensuring high performance of the employees and focus on their personal growth through development of their talents. This should enable the customers of ACTIAM to benefit from this growth.

ACTIAM operates a careful, controlled and sustainable remuneration policy which is in line with ACTIAM’s business and risk management strategy, its risk profile, objectives and risk management practices. The remuneration policy is in accordance with and contributes to solid and effective risk management and does not encourage risk-taking that is in breach of ACTIAM’ policies and risk appetite. 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.

The remuneration policy has been drawn up in compliance with existing legislation and regulation and takes into account the long-term interests of ACTIAM and its stakeholders.

ACTIAM is aware of its position within the society, the crucial role of the financial sector in the society, and the importance of trust in this sector. As such, ACTIAM as part of Athora Netherlands has a strong governance framework in place to ensure that employees are remunerated in a manner that is aligned with the interests of all stakeholders involved. Within this context, ACTIAM’s key focus is on fixed remuneration rather than variable remuneration. In order to be able to recruit and retain sufficiently qualified staff for trading, investment, treasury, or asset management activities, the relevant corporate bodies within ACTIAM as well as the Workers Council consider it important to offer variable remuneration to certain categories of staff. In order to avoid excessive risk taking and being aware of ACTIAM’s position within the financial sector and the society, it is a conscious choice not to award variable remuneration to these categories of staff at the highest possible levels resulting in an overall bonus cap of 50% for ACTIAM staff, even though 100% or more would be permissible under applicable legislation. When adopting the Group Remuneration Policy and underlying remuneration policies, the relevant corporate bodies involved and especially the Supervisory Board of Athora Netherlands liaised with the Workers Council, representatives of staff and the Athora Netherlands shareholder in order to establish a Group Remuneration Policy, including the underlying remuneration policies such as the policy applicable for ACTIAM, that is supported by all mentioned stakeholders and the society in general.

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.

## 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 ESMA 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”).

## CONTROL FUNCTIONS

Control functions are departments that are responsible for the control and supervision of operations as well as the risks arising from those operations, and in doing so operate independently from the organisation. Control functions play an active role in drafting, applying and monitoring the Group Remuneration Policy. For this reason, officers in control functions are subject to additional rules aimed at safeguarding their independence in case they are eligible to receive variable remuneration, as set out in the remuneration policies, as applicable.

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.

## 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.

Apart from certain specific requirements applicable to variable remuneration within ACTIAM, the provisions of the Group Remuneration Policy, the Collective Labour Agreement (CLA) and the ACTIAM Variable Remuneration Policies apply equally to Identified Staff and staff not qualifying as Identified Staff.

Athora Netherlands has established a Working Group Remuneration ("WGR") comprising of the directors and/or specialists of the HR, legal, financial risk, non-financial risk, financial control and audit departments. The WGR participants may provide and will at request provide input on any decision of the Executive Board and/or the Supervisory Board on the following subjects: (i) the determination of the Identified Staff (as defined hereabove) list, (ii) the Group Remuneration Policy and the other remuneration policies, (iii) the setting of Key Performance Indicators ("KPIs"), (iv) the processes around variable remuneration and (v) any other material remuneration matters. Athora Netherlands reserves the right to prepare decisions of the Executive Board and Supervisory Board regarding the abovementioned subjects in another way than through the WGR, provided that the input of the HR, legal, financial risk, non-financial risk (compliance), financial control and audit departments is taken into account.

The Management 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 WGR 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 annual award of variable remuneration.

As a result of the acquisition of ACTIAM by Cardano Risk Management, the governance will be adjusted in 2022.

## 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 Management Board.

ACTIAM periodically participates in market surveys, which maps out the remuneration policies of similar fund and asset managers. ACTIAM uses the outcomes of the surveys to gain an understanding of the competitiveness of its remuneration policy and to benchmark its remuneration policy against best practices in the market.

### 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%. Fixed remuneration should represent a sufficiently high proportion of the total direct compensation, which is in line with the level of expertise, years of experience and required skills. Job functions are independently evaluated per employee, the outcome of this evaluation results in a certain salary scale which will be applied to the employees in scope.

## Pension

All employees participate in the same pension scheme of Athora Netherlands. 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 scheme qualifies as a defined contribution scheme for IAS 19 purposes. The contributions are paid by Athora Netherlands and employees respectively as employer and employee contributions. For employees who were employed as per December 31, 2017 and with a salary exceeding the maximum pensionable salary for pension accrual, a compensation for the loss of pension accrual is applied. The compensation will consist of a permanent supplement payment as long as a maximum pensionable salary applies. The annual compensation is 16.35% of the fixed annual gross pensionable salary (according to the CLA 2017) minus the maximum amount for pension accrual referred to in article 18ga of the Wage Tax Act 1964 (2015: € 100,000 gross; € 112,189 gross (2021)). The permanent supplement payment is not pensionable and is not taken into account for the calculation of severance payments, including the transition fee (“*transitievergoeding*”) or any other wage components or benefits. ACTIAM does not award discretionary pensions.

## 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 (“KPIs”) 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 KPIs are defined for the performance period. The award of variable remuneration is contingent upon these KPIs being achieved. The KPIs pertain to both financial (financial targets are maximised to up to 50%) and non-financial targets. The most important KPIs relate to the quality of ACTIAM’s commercial results, 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.

In the first quarter of 2021 KPIs were set on a company, department and individual level. Examples of set KPIs are: capital generation, customer engagement, leadership (employee engagement, strategy alignment and employer’s attractiveness), risk & control, solvency ratio, compliance, license to operate and personal targets. More than 50% of the KPIs were set as non-financial KPIs. In addition to the KPIs, competencies for personal development were established to which staff should adhere. These personal development skills (with a maximum of three) were chosen from the company’s broad set of values with two general skills, which are excellence and focus and a personal skill, that refers to development of one’s own talent.

## General premises KPIs

Where relevant and possible, in setting KPIs 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 KPIs may relate to financial targets. For employees in control and monitoring functions, such as the Risk Management department, non-financial KPIs 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.

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

In addition to being assigned KPIs, 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 KPIs 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 Management Board, following approval by Athora Netherlands' Executive Board and Supervisory Board. 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 will be awarded after 3 years if the conditions are met. 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 senior 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.

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.

#### Hold back & claw back

ACTIAM 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 ACTIAM.

#### 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 ACTIAM's governance.

#### 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.

#### 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.

### REMUNERATION DURING THE REPORTING PERIOD

In 2021, ACTIAM awarded € 13.3 million in remuneration to its employees (in 2020: € 15.2 million). Of this amount, € 11.7 million qualified as fixed remuneration (in 2020: € 13.4 million), while variable remuneration accounted for € 1.6 million (in 2020: € 1.8 million for the year 2019).

#### Fixed remuneration

According to the CLA (CLA Athora Netherlands 2021-2023) employees have received a periodic salary increase on 1 February 2021 and a collective salary adjustment of 2.25% per January 2021. For the Management Board ACTIAM (senior management) the previously mentioned was applied as well insofar the maximum of the scale is not reached.

## Variable remuneration

The variable remuneration awarded in 2021 consists of performance-related variable remuneration related to the financial year 2020 (€ 1.4 million) and the deferred part from the year 2017 (€ 161 thousand) and the second deferred part of the retention bonuses (€ 40 thousand).

In 2021, a total amount of € 1.4 million was unconditionally awarded to 82 employees as a performance-related variable remuneration for the year 2020 (in 2020: € 1.4 million to 88 employees over the year 2019) and, as deferred and final part of the performance-related variable remuneration over the year 2017, a total amount of € 161 thousand was unconditionally awarded to 21 employees (2020: € 134 thousand to 17 employees over the year 2016).

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, the equivalent of the as of then applicable value of the assigned shares including paid dividends on the shares will be paid (if applicable). In the year 2021 the paid dividend was € 0.10 per share.

The retention scheme offered in 2018 and 2019, due to the strategic review/change of ownership of Athora Netherlands, was awarded at the end of 2020 as the conditions were met. The Identified Staff in this scheme were partly paid in 2020 (60%) and will be partly paid in three deferred payments up to 2023 (in total 40%). In 2021, the second tranche of the deferred payments was paid (€ 40 thousand to 7 employees).

As of 2020 Athora Netherlands assessed the strategic options for ACTIAM. This assessment came in 2021 in a new phase whereby Athora Netherlands offered a retention scheme to some employees of ACTIAM. Vesting of this scheme is subject to certain conditions.

In 2021, Athora Netherlands, including ACTIAM, did not use the right to apply a holdback and clawback.

The decision with regard to variable remuneration over 2021 will occur after the date of publishing the annual report. In 2021, ACTIAM had an average FTE of 77 (in 2020: 92 FTE).

The table below shows statistics on the remunerations awarded in 2020 and 2021.

### Breakdown of Remuneration

	NUMBER OF RECIPIENTS <sup>1</sup>		FIXED REMUNERATION <sup>2</sup>		VARIABLE REMUNERATION	
	2021	2020	2021	2020	2021	2020
Members of the Management Board <sup>3</sup>	3	4	€ 1,102,151	€ 1,044,289	€ 41,028	€ 34,763
Identified Staff <sup>4</sup>	35	46	€ 5,422,618	€ 6,453,452	€ 836,909	€ 1,077,232
Other Employees	63	55	€ 5,154,690	€ 5,880,358	€ 707,705	€ 732,212
<b>Total</b>	<b>101</b>	<b>105</b>	<b>€ 11,679,459</b>	<b>€ 13,378,099</b>	<b>€ 1,585,642</b>	<b>€ 1,844,207</b>

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.

4 Identified Staff includes employees who fall under the Collective Labour Agreement (CLA) of Athora Netherlands.

### Number of employees with remuneration exceeding € 1 million

In 2021, 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 and investment mandates, hence appropriate incentives should be used. These incentives must be aligned with the objective of the investment portfolio 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 2022**

### **Sale of ACTIAM and personnel impact**

On 1 January 2022, ACTIAM was acquired by Cardano Risk Management B.V. (Cardano), an independent Dutch-British pension, risk management and asset management specialist for pension funds and other long-term investors. The sale of ACTIAM to Cardano offers stability and continuity, as it secures the expertise of ACTIAM in impact investing and ESG-focused asset management, while leveraging of Cardano's leading expertise in investment advisory and risk management. In addition, ACTIAM staff is transferred "as is" to Cardano.

Following the sale, changes and appointments were made to ACTIAM's Management Board. Interim-CEO Mr. F.L. Kusse stepped down as CEO and board member, on 31 December 2021, as Mr. H.H.J.G. Naus assumed the CEO position of ACTIAM while also staying responsible for the Cardano Netherlands organisation. Mr. D.G. Keiller has also decided to take a next step and to continue his career outside ACTIAM as of 31 December 2021. The current CFRO responsibilities have been split up into two board roles: a CFRO (responsible for Finance, Legal, Risk and Compliance) and a COO & Deputy CEO (Product development, Oversight & Change and IT) role. This split is aimed at strengthening the board representation and creating more management attention per area of expertise making sure the company is well-positioned for further growth. On 3 January 2022, Mr. M.C. Strijbos has been appointed CFRO and Mr. J. Sunderman takes on the role of COO & Deputy CEO.

All ACTIAM staff have been located in Rotterdam at the start of 2022 and the primary focus this year will be on commercially expanding the existing ACTIAM products and fully migrating and integrating the IT, HR and Finance services that are currently provided by Athora Netherlands. The strengths of ACTIAM are very complementary to all services provided by the other business units of Cardano Group. Therefore we are confident that as a group we are able to offer more complete, and future proof, investment management services to our existing and new clients.

### **Capitalisation**

Based on the consolidated balance sheet per 31 December 2021, ACTIAM's available capital is sufficient and considered to be adequate for the foreseeable future.

### **Investment funds**

During 2022, several developments are considered in order to broaden ACTIAM's scope both in terms of potential clients and distribution channels.

ACTIAM will continue to optimally service Athora Netherlands, amongst others via the Zwitserleven funds range. As such, the take-over of ACTIAM by Cardano has enabled an increase of the participation of the Zwitserleven funds into ACTIAM master funds, thereby further reducing the dividend tax leakage for Zwitserleven.

### **ESG-outlook**

In 2022 ACTIAM will primarily focus to comply with specific ESG regulations like Sustainable Finance Disclosure Regulation (SFDR) level II. As such, (pre)contractual and website disclosures will optimise transparency towards our clients. At ACTIAM, we also aim to contribute proactively to industry standards by participating in networks and sector initiatives.

Furthermore, in 2022 ACTIAM intends to successfully exploit / roll out its modular (ESG) services (policy development, active share ownership, research and monitoring, as well as impact measurements and reporting) via ACTIAM N.V. and its subsidiary ACTIAM Sense B.V. (set up in November 2021).



### COVID-19 outlook

During 2022 ACTIAM will continue to monitor the COVID-19 measures both from an investments perspective and a business perspective. ACTIAM has implemented measures ensuring the continuity of its services as described in paragraph [1.6 Risk Management](#). 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.

### Russia-Ukraine war

ACTIAM strongly condemns the Russian invasion of Ukraine in February 2022. Our thoughts are with all those affected by the violence. We fully support the tough sanctions policy pursued by NATO, the United States and the European Union, and hope that this will result in Russia ceasing its aggression and withdrawing from Ukraine. The sanctions policy hits the Russian economy hard and also has repercussions on the financial markets. To support the humanitarian relief efforts for the war in Ukraine, ACTIAM and its employees have donated to Giro555 of the Cooperating Aid Organisations of the Netherlands.

Based on our sustainable investment beliefs, we have excluded Russia and Belarus as countries for many years; we have no Russian or Belarusian government bonds in our portfolios. We have also excluded a large proportion of Russian companies for years. After the invasion, we re-examined the remaining positions for involvement with the Russian government and/or the invasion itself. Our analysis shows that these companies are not directly involved in the invasion or supplying equipment for it. Nevertheless, ACTIAM intends to sell these positions as soon as possible. Furthermore, ACTIAM does not hold positions in Russia through our financial inclusion private debt portfolios. We do monitor the risk of securities to the region surrounding Ukraine, but these risks are limited in our view. We monitor developments daily and are in contact with the institutions we invest in. We will continue to monitor the developments closely and make adjustments if necessary.

Rotterdam, the Netherlands, 14 April 2022

#### ACTIAM N.V.

H.H.J.G. Naus, CEO

M.C. Strijbos, CFRO

H.S.R. Veelaert, CIO

J. Sunderman, COO





# Financial Statements 2021 ACTIAM N.V.

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## 2 Consolidated Financial Statements

### 2.1 CONSOLIDATED BALANCE SHEET

Before result appropriation and in € thousands	REF.	31 DECEMBER 2021	31 DECEMBER 2020
<b>Assets</b>			
Tangible fixed assets	1	4	7
Financial assets	2	29,423	42,121
<b>Total fixed assets</b>		<b>29,427</b>	<b>42,128</b>
Receivables	3	9,996	7,576
Cash at banks	4	6,789	2,752
<b>Total current assets</b>		<b>16,785</b>	<b>10,328</b>
<b>Total assets</b>		<b>46,212</b>	<b>52,456</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	5		
Issued capital		45	45
Share premium reserve		29,777	29,777
Revaluation reserve		42	22
Other reserves		5,505	10,163
Net result		-1,276	-4,658
<b>Total equity</b>		<b>34,093</b>	<b>35,349</b>
<b>Liabilities</b>			
Current liabilities	6	12,119	17,107
<b>Total liabilities</b>		<b>12,119</b>	<b>17,107</b>
<b>Total equity and liabilities</b>		<b>46,212</b>	<b>52,456</b>



## 2.2 CONSOLIDATED PROFIT AND LOSS ACCOUNT

in € thousands	REF.	2021	2020
<b>Income</b>			
Asset management fees income		41,432	68,863
Asset management fees rebate		-	-7,005
<b>Gross fee income</b>	10	<b>41,432</b>	<b>61,858</b>
Asset management fees expenses	11	7,870	23,614
<b>Net fee income</b>		<b>33,562</b>	<b>38,244</b>
Operating expenses			
- Employee benefits expenses	12	19,236	24,799
- Depreciation non-current assets		3	3
- Other operating expenses	13	15,801	19,417
<b>Total operating expenses</b>		<b>35,040</b>	<b>44,219</b>
<b>Total operating result</b>		<b>-1,478</b>	<b>-5,975</b>
Net financial result	14	-224	-236
<b>Result before tax</b>		<b>-1,702</b>	<b>-6,211</b>
Tax income (-) / Tax expense (+)	15	-426	-1,553
<b>Net result</b>		<b>-1,276</b>	<b>-4,658</b>

## 2.3 CONSOLIDATED CASH FLOW STATEMENT

in € thousands	REF.	2021	2020
<b>Cash flow from operating activities</b>			
Operating result before tax		-1,702	-6,211
<b>Adjustments for non-cash items included in profit before tax:</b>			
Depreciation and amortisation of non-current assets	1	3	3
Amortisation investments	2	-	358
Impairments	2	-	10
Unrealised results on investments through profit or loss	2	20	25
Taxes (paid) received		-	-
<b>Change in operating assets and liabilities:</b>			
Change in other operating activities		-6,784	7,394
<b>Net cash flow from operating activities</b>		<b>-8,463</b>	<b>1,579</b>
<b>Cash flow from investment activities</b>			
Sale and redemption of financial assets (shares and bonds)	2	12,500	16,000
Purchase of financial assets (shares and bonds)	2	-	-27,500
<b>Net cash flow from investment activities</b>		<b>12,500</b>	<b>-11,500</b>
<b>Cash flow from financing activities</b>			
Capital injection	5	-	12,000
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>12,000</b>
<b>Net increase in cash at banks</b>		<b>4,037</b>	<b>2,079</b>
Cash at banks as at beginning of period	4	2,752	673
<b>Cash at banks as at end of period</b>	<b>4</b>	<b>6,789</b>	<b>2,752</b>
<b>Additional disclosure with regard to cash flows from operating activities:</b>			
Interest received	2	-	560
Interest paid		1	1

## 2.4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2021

### 2.4.1 ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

#### GENERAL INFORMATION

ACTIAM N.V. (ACTIAM or the Company), 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 a fund manager and asset manager. ACTIAM has its registered office located in Utrecht, the Netherlands. Until the end of 2021, ACTIAM had its principal place of business located at De Entree 95 (AlphaTower, 21st floor), 1101 BH Amsterdam, the Netherlands. As per 1 January 2022, ACTIAM has its principal place of business located at Weena 690 (21st floor), 3012 CN Rotterdam, the Netherlands.

The Company's financial information is included in the consolidated financial statements of Athora Netherlands N.V. (Athora Netherlands).

The consolidated financial statement combines the financial statements of ACTIAM N.V. (the parent company) and its wholly owned subsidiary ACTIAM Sense B.V.

The financial statements were authorised for issue by the Management Board on 14 April 2022.

#### Group Structure

Until 31 December 2021, ACTIAM was a wholly owned subsidiary of Athora Netherlands with a registered office at Amstelveen, the Netherlands.

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.

On 1 January 2022, Cardano acquired 100% of the shares of ACTIAM N.V. from Athora Netherlands. As per 1 January 2022, ACTIAM N.V. is a wholly owned subsidiary of Cardano Risk Management B.V. with a registered office in Amsterdam, the Netherlands, whose ultimate parent company is Gerolamo Holding Sàrl, seated in Luxembourg.

#### BASIS OF PREPERATION

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

The consolidated 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 consolidated financial statements.

#### Estimates and Assumptions

The preparation of the consolidated financial statements requires the management to make estimates and assumptions, which have a significant impact on the reported amounts of assets and liabilities 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 consolidated 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 consolidated balance sheet measured at fair value, with changes in the fair value recognised in the consolidated profit and loss account, are accounted for as part of these changes in the value of the related item in the consolidated balance sheet. Non-monetary items measured at historical cost are measured at the exchange rate applicable on the initial transaction date.

### Related Parties

Until 1 January 2022, ACTIAM's related parties are its ultimate parent Athora Holding Ltd., its parent Athora Netherlands, affiliates and ACTIAM's key management personnel and their close family members.

## BASIS FOR CONSOLIDATION

The consolidation includes the financial information of ACTIAM, its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which ACTIAM exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or of which it has the authority to govern otherwise their financial and operating policies. Potential voting rights that can be exercised directly from the balance sheet date are also taken into account.

Group companies and other entities in which ACTIAM exercises control or whose central management it conducts are consolidated in full from the date on which control is transferred to ACTIAM until the date this control ceases. Participating interests in group equity and group result are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation.

The financial statements of these group companies are fully consolidated and aligned with the accounting policies applied by ACTIAM. Intra-group transactions, intra-group balances and unrealised gains and losses arising from intra-group transactions are eliminated in the preparation of the consolidated financial statements.

The consolidated financial statement combines the financial statements of ACTIAM and its wholly owned subsidiary ACTIAM Sense B.V., which was established in November 2021. ACTIAM Sense B.V. has its registered office located in Amsterdam, the Netherlands.

## ACCOUNTING POLICIES FOR THE CONSOLIDATED 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated profit and loss account. When the financial assets are sold, the related cumulative changes in fair value are recognised in the consolidated 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 revaluation reserve (net of taxes), if their cumulative total is positive. If unrealised losses exceed the revaluation reserve, the excess is recognised in the consolidated 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 consolidated 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 N.V. and its subsidiaries, including ACTIAM N.V., 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 N.V. 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 consolidated financial statements of those legal entities until the tax return is filed, rather than in Athora Netherlands' financial statement only.

## ACCOUNTING POLICIES FOR THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Income is recognised in the consolidated 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 consolidated 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 employee benefits expenses (until 2021, all employed personnel was hired by Athora Netherlands and the employee benefits expenses were charged to ACTIAM), depreciation non-current assets and other operating expenses.

Employee benefits expenses consist of salaries, pension costs, social security contributions and other personnel expenses. The pension scheme to which the employees are entitled, is administrated by Stichting Pensioenfonds SNS REAAL.

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 CONSOLIDATED CASH FLOW STATEMENT

The consolidated 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 consolidated balance sheet item cash at banks.

## 2.4.2 NOTES TO THE CONSOLIDATED BALANCE SHEET

### ASSETS

#### 1. TANGIBLE FIXED ASSETS

##### Breakdown of Tangible fixed assets

in € thousands	31 DECEMBER 2021	31 DECEMBER 2020
IT equipment	4	7
<b>Total</b>	<b>4</b>	<b>7</b>

##### Statement of Changes in IT equipment

in € thousands	2021	2020
Accumulated acquisitions costs	13	13
Accumulated depreciation	-9	-6
<b>Total</b>	<b>4</b>	<b>7</b>
At 1 January	7	10
Depreciation	-3	-3
<b>Balance as at 31 December</b>	<b>4</b>	<b>7</b>

#### 2. FINANCIAL ASSETS

##### Breakdown of Financial Assets

in € thousands	31 DECEMBER 2021	31 DECEMBER 2020
Shares	29,423	42,121
<b>Total</b>	<b>29,423</b>	<b>42,121</b>

#### Shares

The largest part of the shares portfolio consists of investments in a money market fund (€ 29,176 thousand), which invests primarily in first-tier securities. In 2021, € 12,500 thousand has been withdrawn from this money market fund. The remaining part of the shares portfolio consists of investments in ACTIAM Duurzaam Mixfonds Neutraal.

## Statement of Changes in Shares

in € thousands	2021	2020
Balance as at 1 January	42,121	14,795
Purchases and advances	-	27,500
Disposals and redemptions	-12,500	-
Revaluations	-198	-159
Impairments	-	-10
Dividend Received/Negative Distribution	-	-5
<b>Balance as at 31 December</b>	<b>29,423</b>	<b>42,121</b>

The fair value of financial assets is determined using bid quoted prices. The accumulated revaluations of financial assets amounts to € 275 thousand negative at 31 December 2021 (31 December 2020: € 165 thousand negative).

### 3. RECEIVABLES

#### Breakdown of Receivables

in € thousands	31 DECEMBER 2021	31 DECEMBER 2020
Asset management fees to be received	1,780	4,336
Corporate income tax and dividend tax	1,977	1,558
Receivables from group companies	5,122	521
Trade receivables	295	488
Accrued assets	823	673
<b>Total</b>	<b>9,996</b>	<b>7,576</b>

Receivables are due in less than one year.

#### Asset management fees to be received

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

#### Receivables from group companies

Per 31 December 2021 receivables from group companies consists of the intra-group balances with SRLEV and Zwitserleven PPI. These receivables from group companies have been settled in January 2022. Per 31 December 2020 receivables from group companies consists of the intra-group balances with Proteq Levensverzekeringen and Zwitserleven PPI.

### 4. CASH AT BANKS

#### Cash at banks

Cash at banks comprises of bank account balances at SNS Bank, BNP Paribas Bank and ABN AMRO. At 31 December 2021 the cash at banks stood at € 6.8 million (31 December 2020: € 2.8 million). Cash at banks is 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 2020	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
Transfer of net result 2020	-	-	-	-4,658	4,658	-
Revaluation assets	-	-	20	-	-	20
Net result 2021	-	-	-	-	-1,276	-1,276
At 31 December 2021	45	29,777	42	5,505	-1,276	34,093

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 € 19.5 million (31 December 2020: € 27.6 million) according to the 2021 ICAAP performed by the Management Board in close cooperation with Risk Management. At the end of the reporting period ACTIAM's equity was € 34.1 million.

In 2020, the share premium reserve increased with € 12 million due to a capital injection by Athora Netherlands.

## LIABILITIES

### 6. CURRENT LIABILITIES

#### Breakdown of Current Liabilities

in € thousands	31 DECEMBER 2021	31 DECEMBER 2020
Debts to group companies	2,906	4,927
Variable remuneration and allowances payable	2,991	3,782
Management fees payable	1,969	1,720
Dividend tax payable	-	93
Regulatory expenses	220	206
Audit fees	155	272
Asset management fees rebate payable	-	63
Accrued liabilities	3,877	6,044
<b>Total</b>	<b>12,119</b>	<b>17,107</b>

Current liabilities are due in less than one year.

#### Debts to Group Companies

Per 31 December 2021 debts to group companies consists of the intra-group balance with Athora Netherlands. These debts to group companies have been settled in January 2022. Per 31 December 2020 debts to group companies consisted 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 consolidated 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 January 2022, ACTIAM's related parties are its ultimate parent Athora Holding Ltd., its parent Athora Netherlands, affiliates and ACTIAM's key management personnel and their close family members.

### 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 until 31 December 2020 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.

The intra-group transactions mainly consist of asset management fees charged by ACTIAM to its parent Athora Netherlands and its affiliates SRLEV, Proteq Levensverzekeringen and Zwitserleven PPI and of expenses charged to ACTIAM by its parent Athora Netherlands.

### Intra-group Balances

In € thousands	ATHORA NETHERLANDS		AFFILIATES		TOTAL	
	31 DECEMBER 2021	31 DECEMBER 2020	31 DECEMBER 2021	31 DECEMBER 2020	31 DECEMBER 2021	31 DECEMBER 2020
<b>Positions</b>						
<b>Assets</b>						
Asset management fees to be received	-	157	-	7	-	164
Receivables from group companies	-	-	5,122	521	5,122	521
Corporate income tax and dividend tax	1,977	1,558	-	-	1,977	1,558
<b>Liabilities</b>						
Debts to group companies	2,906	4,401	-	526	2,906	4,927
Asset management fees rebate payable	-	-	-	63	-	-

### Intra-group Transactions

In € thousands	ATHORA NETHERLANDS		AFFILIATES		TOTAL	
	2021	2020	2021	2020	2021	2020
<b>Transactions</b>						
Capital injection	-	12,000	-	-	-	12,000
<b>Income</b>						
Asset management fees income	638	1,098	23,875	26,226	24,513	27,324
Asset management fees rebate	-	-	-	-7,005	-	-7,005
<b>Gross fee income</b>	<b>638</b>	<b>1,098</b>	<b>23,875</b>	<b>19,221</b>	<b>24,513</b>	<b>20,319</b>
Distribution fees expenses	-	-	-	14,376	-	14,376
<b>Net fee income</b>	<b>638</b>	<b>1,098</b>	<b>23,875</b>	<b>4,845</b>	<b>24,513</b>	<b>5,943</b>
<b>Expenses</b>						
Employee benefits expenses	5,796	8,466	-	-	5,796	8,466
Other operating expenses	2,428	2,205	-	-	2,428	2,205

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

### Key Management Personnel

The key management personnel consists exclusively of the members of the ACTIAM Management Board. The ACTIAM Management Board comprised of three employees as at 31 December 2021 (31 December 2020: 2). Refer to paragraph 1.8 Remuneration Policy in Annual Report 2021 for the remuneration of key management personnel. There are no loans, advances and guarantees outstanding on 31 December 2021 (and 31 December 2020) and/or granted to key management personnel during 2021.

## 9. EVENTS AFTER THE BALANCE SHEET DATE

### New Shareholder

On 21 October 2021, ACTIAM was informed by its shareholder Athora Netherlands about the agreement with Cardano Risk Management B.V. on the sale of the ACTIAM's shares. After obtaining the necessary regulatory filings and approvals and consultation of the works council, the transaction was formally closed on 1 January 2022. Cardano Risk Management B.V. subsequently announced on 3 January 2022 that it has completed the acquisition of ACTIAM by acquiring 100% of the shares from Athora Netherlands. ACTIAM became a wholly owned subsidiary of Cardano Risk Management B.V. and part of the Cardano Group.

### Changes to Management Board

On 3 January 2022, Cardano Risk Management B.V. announced the appointment of three new members to the Management Board of ACTIAM.

As of 1 January 2022, Mr. H.H.J.G. Naus has been appointed as Chief Executive Officer and will fulfill this position in addition to his role as CEO of Cardano Risk Management B.V. As of 3 January 2022 Mr. M.C. Strijbos has been appointed as Chief Finance and Risk Officer and Mr. J. Sunderman as Chief Operating Officer. As per 31 December 2021, Mr. F.L. Kusse and Mr. D.G. Keiller have resigned from the Management Board of ACTIAM.

As a result, the Management Board of ACTIAM will be composed of the following persons:

- Mr. H.H.J.G. Naus, Chief Executive Officer (As per 1 January 2022)
- Mrs. H.S.R. Veelaert, Chief Investment Officer (As per 30 March 2021)
- Mr. M.C. Strijbos, Chief Finance and Risk Officer (As per 3 January 2022)
- Mr. J. Sunderman, Chief Operating Officer (As per 3 January 2022)

### Russia-Ukraine war

ACTIAM strongly condemns the Russian invasion of Ukraine in February 2022. Our thoughts are with all those affected by the violence. We fully support the tough sanctions policy pursued by NATO, the United States and the European Union, and hope that this will result in Russia ceasing its aggression and withdrawing from Ukraine. The sanctions policy hits the Russian economy hard and also has repercussions on the financial markets. To support the humanitarian relief efforts for the war in Ukraine, ACTIAM and its employees have donated to Giro555 of the Cooperating Aid Organisations of the Netherlands.

Based on our sustainable investment beliefs, we have excluded Russia and Belarus as countries for many years; we have no Russian or Belarusian government bonds in our portfolios. We have also excluded a large proportion of Russian companies for years. After the invasion, we re-examined the remaining positions for involvement with the Russian government and/or the invasion itself. Our analysis shows that these companies are not directly involved in the invasion or supplying equipment for it. Nevertheless, ACTIAM intends to sell these positions as soon as possible. Furthermore, ACTIAM does not hold positions in Russia through our financial inclusion private debt portfolios. We do monitor the risk of securities to the region surrounding Ukraine, but these risks are limited in our view. We monitor developments daily and are in contact with the institutions we invest in. We will continue to monitor the developments closely and make adjustments if necessary.

## 2.4.3 NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

### INCOME

#### 10. GROSS FEE INCOME

##### Breakdown of income

in € thousands	2021	2020
Asset management fees income	41,432	68,863
Asset management fees rebate	-	-7,005
<b>Total</b>	<b>41,432</b>	<b>61,858</b>

##### 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 was the result of a transfer of activities per 1 July 2021 and a change in tariff structure by Athora Netherlands with effect from the beginning of 2021, and the exit of a prominent institutional third-party client. This was partly offset by higher fees driven by favorable financial markets.

##### Asset Management Fees Rebate

In 2021, as part of the change in tariff structure by Athora Netherlands, a rebate is no longer applicable on the fee charges to SRLEV. Athora Netherlands was 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 until 31 December 2020 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	2021	2020
Distribution fees	-	14,988
Costs of outsourced asset management	4,946	6,068
Custodial fees	2,925	2,558
<b>Total</b>	<b>7,870</b>	<b>23,614</b>

##### Distribution Fees

In 2021, as part of the change in tariff structure by Athora Netherlands, distribution fees are no longer paid to SRLEV. In 2020, 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	2021	2020
Salaries and wages	12,741	15,657
Pension costs	2,036	2,349
Social security contributions	1,534	1,438
Other personnel expenses	2,925	5,355
<b>Total</b>	<b>19,236</b>	<b>24,799</b>

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 68 on 31 December 2021 (31 December 2020: 88).

The decrease in FTE is mainly due to the transfer of 15 FTE from ACTIAM to the Investment office of Athora Netherlands as of 1 July 2021. The total employee benefit expenses decreased mainly as a result of a lower headcount in 2021 due to this transfer.

Other personnel expenses consist mainly of personnel expenses as charged by Athora Netherlands N.V..

### 13. OTHER OPERATING EXPENSES

#### Breakdown of Other Operating Expenses

in € thousands	2021	2020
Administrative, accounting and reporting costs	8,181	11,547
Costs data vendors	2,757	3,092
Recharged expenses	1,750	1,597
Costs external advisors	1,480	1,117
Automatisation	267	634
Costs operational errors	24	82
Other costs	1,342	1,348
<b>Total</b>	<b>15,801</b>	<b>19,417</b>

#### 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	2021	2020
Interest income	-	300
Interest expenses and result on financial assets	-224	-178
Amortisation	-	-358
<b>Total</b>	<b>-224</b>	<b>-236</b>

#### Interest Income

This concerns interest received on bonds. Ultimo December 2020 the bonds portfolio has been completely redeemed.

#### Interest Expenses and Result on Financial Assets

This concerns interest paid on bank charges and results on financial assets. In 2021 results on financial assets consist of results on the shares portfolio.



### Amortisation

This concerns amortisation of government bonds.

## 15. INCOME TAX

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

In € thousands	2021	2020
In financial year	-419	-1,557
Due to temporary differences	-7	4
<b>Total</b>	<b>-426</b>	<b>-1,553</b>

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

### Reconciliation between the Statutory and Effective Tax Rate

In € thousands	2021	2020
Statutory income tax rate	25%	25%
Result before tax	-1,702	6,211
<b>Statutory corporate income tax amount</b>	<b>-426</b>	<b>-1,553</b>
<b>Total</b>	<b>-426</b>	<b>-1,553</b>
Effective tax rate	25%	-25%

## 3 Company Financial Statements

### 3.1 COMPANY BALANCE SHEET

Before result appropriation and in € thousands	REF.	31 DECEMBER 2021	31 DECEMBER 2020
<b>Assets</b>			
Tangible fixed assets		4	7
Subsidiaries	1	69	-
Financial assets		29,423	42,121
<b>Total fixed assets</b>		<b>29,496</b>	<b>42,128</b>
Receivables		9,927	7,576
Cash at banks		6,789	2,752
<b>Total current assets</b>		<b>16,716</b>	<b>10,328</b>
<b>Total assets</b>		<b>46,212</b>	<b>52,456</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital		45	45
Share premium reserve		29,777	29,777
Revaluation reserve		42	22
Other reserves		5,505	10,163
Net result		-1,276	-4,658
<b>Total equity</b>		<b>34,093</b>	<b>35,349</b>
<b>Liabilities</b>			
Current liabilities		12,119	17,107
<b>Total liabilities</b>		<b>12,119</b>	<b>17,107</b>
<b>Total equity and liabilities</b>		<b>46,212</b>	<b>52,456</b>

### 3.2 COMPANY PROFIT AND LOSS ACCOUNT

in € thousands	REF.	2021	2020
<b>Income</b>			
Asset management fees income		41,253	68,863
Asset management fees rebate		-	-7,005
<b>Gross fee income</b>		<b>41,253</b>	<b>61,858</b>
Asset management fees expenses		7,870	23,614
<b>Net fee income</b>		<b>33,383</b>	<b>38,244</b>
Share in result of subsidiaries	3	59	-
<b>Total income</b>		<b>33,442</b>	<b>38,244</b>
Operating expenses			
- Employee benefits expenses		19,136	24,799
- Depreciation non-current assets		3	3
- Other operating expenses		15,801	19,417
<b>Total operating expenses</b>		<b>34,940</b>	<b>44,219</b>
<b>Total operating result</b>		<b>-1,498</b>	<b>-5,975</b>
Net financial result		-224	-236
<b>Result before tax</b>		<b>-1,722</b>	<b>-6,211</b>
Tax income (-) / Tax expense (+)		-446	-1,553
<b>Net result</b>		<b>-1,276</b>	<b>-4,658</b>

### 3.3 NOTES TO THE COMPANY FINANCIAL STATEMENTS 2021

#### 3.3.1 ACCOUNTING POLICIES TO THE COMPANY FINANCIAL STATEMENTS

##### General

Where applicable, for items not described in this section, the accounting policies applied for the company financial statements are the same as those described in the section 2.4.1 Accounting policies for the consolidated financial statements. For the items not separately disclosed in the notes to the company financial statements, reference is made to the notes in the sections 2.4.2 Notes to the Consolidated Balance Sheet and 2.4.3 Notes to the Consolidated Profit and Loss Account.

##### Subsidiaries

Subsidiaries are companies and other entities in which ACTIAM N.V. has the power, directly or indirectly, to govern the financial and operating policies and that are controlled by ACTIAM N.V. Subsidiaries are recognised using the equity method of accounting. Movements in the carrying amounts of subsidiaries due to changes in their revaluation reserves are recognised in shareholders' equity. Movements in the carrying amounts arising from the share of result of subsidiaries are recognised in accordance with the accounting policies of ACTIAM N.V. in the profit and loss account. The distributable reserves of subsidiaries are recognised in retained earnings.

#### 3.3.2 NOTES TO THE COMPANY BALANCE SHEET

##### 1. SUBSIDIARIES

###### Statement of Changes in Subsidiaries

In € thousands	2021	2020
Balance as at 1 January	-	-
Acquisitions	10	-
Result	59	-
Balance as at 31 December	69	-

The subsidiary of ACTIAM N.V. concerns ACTIAM Sense B.V., which was established in November 2021.

##### 2. RELATED PARTIES

###### Intra-group Balances and Transactions Between ACTIAM and its subsidiary ACTIAM Sense

Unless stated otherwise, transactions with related parties are conducted at arm's length as part of ACTIAM's normal operations.

###### Intra-group Balances

In € thousands	ACTIAM SENSE B.V.	
	31 DECEMBER 2021	31 DECEMBER 2020
Positions		
Liabilities		
Debts to group companies	89	-

###### Intra-group Transactions

In € thousands	ACTIAM SENSE B.V.	
	2021	2020
Transactions		
Share capital	10	-
Expenses		
Employee benefits expenses	-100	-

For details on the intra-group balances and transactions between ACTIAM, Athora Netherlands and Affiliates, see Note 8 Related parties of the consolidated financial statements.



### 3.3.3 NOTES TO THE COMPANY PROFIT AND LOSS ACCOUNT

#### INCOME

#### 3. SHARE IN RESULT OF SUBSIDIARIES

The share in result of subsidiaries consist of the net result of ACTIAM Sense B.V. 2021 of € 59 thousand.

Rotterdam, the Netherlands, 14 April 2022

**ACTIAM N.V.**

H.H.J.G. Naus, CEO

M.C. Strijbos, CFRO

H.S.R. Veelaert, CIO

J. Sunderman, COO



## 4 **Other Information**

### 4.1 **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 2021 included in the annual report

#### Our opinion

We have audited the financial statements 2021 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 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2021
- The consolidated and company profit and loss account for 2021
- 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.

Den Haag, 14 April 2022

Ernst & Young Accountants LLP

Signed by drs. R.J. Bleijs RA

