ANNUAL REPORT 2023

Proteq Levensverzekeringen N.V.

ATHORA

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1 OVERVIEW

1.1 Key Figures

KEY FIGURES		
In percentage / € thousands	2023	2022
Regulatory Solvency II	202%[1]	197%
IFRS Net Result	24,450	-11,619
Gross inflows	3,855	3,719
Direct investment income	10,045	8,992

1 Regulatory Solvency II ratio 2023 is not final until filed with the regulator.

Proteq Levensverzekeringen N.V.

In this annual report, we use the name 'Proteq' when referring to the financial statements of Proteq Levensverzekeringen N.V.

The Proteq's Board Report, as referred to in section 2:391 of the Dutch Civil Code includes the following chapters: Key Figures (chapter 1.1), Message from our CEO (chapter 1.2), Organisation (chapter 2), Strategy and Developments (chapter 3) and Corporate Governance (chapter 4), excluding Report of the Supervisory Board (chapter 4.4).

1.2 Message from our CEO

Dear stakeholders,

We delivered strong financial and commercial results in 2023 against a challenging macro-economic and geo-political backdrop. We are now halfway through the Ambition 2025 strategic plan and are delivering on all our targets.

One of the key levers of our strategy is to increase our investment income through the repositioning of part of our investment portfolio towards higher returning assets, offering better risk-return characteristics. This allows us to offer competitive rates to our customers and drive substantially higher Operating Capital Generation, supporting the future trajectory of the business.

We are proud that our efforts and expertise on sustainable investing have once again been recognized, as we maintained the number one position in the VBDO as the most sustainable investor in the insurance sector in the Netherlands. We consider this as an encouragement to also explore more specific impact investments in the Netherlands. As an example, we recently provided funding to a Dutch company that provides smart mounting systems for solar panels.

Our Solvency II ratio is strong and has been stable and above 200% during the year, reflecting strong Operating Capital Generation and positive management actions, more than outweighing the impact of repositioning our investment portfolio and market variances. Our strong capital position provides comfort to our customers and forms a solid and sustainable platform to further develop our business.

In 2023 we moved to our new office location Edge West in Amsterdam, while our location in Alkmaar has been redesigned. The new offices provide a sustainable and energizing environment for all our colleagues. The Leesman survey, a global benchmark that measures how well office environments support employees' work activities, awarded Athora Netherlands' new office with the highest score in the Benelux. The improved work environment, commercial success, participation to various socially relevant initiatives and clarity about strategic direction have all contributed to a notable improvement of employee satisfaction.

I am very pleased with our performance in 2023 and would like to thank our customers and business partners for their continued trust. A special thanks goes to our valued employees for their relentless support in the realisation of the transformation of our company and the Works Council for their constructive cooperation. I look forward to continue executing our Ambition 2025 strategy.

Amsterdam, the Netherlands, 27 March 2024

Jan de Pooter, Chief Executive Officer

2 ORGANISATION

2.1 About Proteq

Proteq Levensverzekeringen N.V. is a Dutch insurance company that manages an existing portfolio of individual life insurances. Proteq primarily operates in the Netherlands.

Proteq is a life insurance company in the Dutch market with Reaal as its consumer brand. We build on a long heritage, stretching back more than 130 years. Complemented by the investment expertise and capital support of Athora Group and being part of Athora Netherlands, which aims to be a leading player in the Dutch pension and life insurance market.

With our colleagues, Proteq aims to fulfil its purpose 'A sustainable partner for life, taking care of your tomorrow'. We do this by providing attractive and stable benefits and guarantees in every phase of our customers' pension and retirement journey.

Our overarching sustainability approach ensures that Proteq delivers on its purpose in a sustainable way. Proteq does so by investing in companies that make our planet a better place to live and by encouraging the sectors we invest in to act responsible from an ecological, social and governance perspective. For more information on sustainability, see chapter 3.4 Sustainability.

Consequently, Proteq aims to service in a balanced way and work towards a better world, so that our customers' future is truly carefree.

2.1.1 Legal Entities

Proteq Levensverzekeringen N.V. is a public limited company with a two-tier board structure consisting of an Executive Board and a Supervisory Board.

Proteq Levensverzekeringen N.V. is a full subsidiary of Athora Netherlands N.V. The members of the Executive Board of Athora Netherlands N.V. are also the members of the Executive Board of Proteq Levensverzekeringen N.V. Certain topics are managed and controlled from a consolidated perspective. To the extent applicable, information in this board report is therefore presented on Athora Netherlands level.

The figure below shows the total structure of Athora Netherlands N.V. as per 31 December 2023 and the position of Proteq Levensverzekeringen N.V. in this structure.

Proteq Levensverzekeringen N.V. within the structure of Athora Netherlands N.V. and business lines.

2.1.2 Shareholder

Proteq Levensverzekeringen N.V. is a wholly owned subsidiary of Athora Netherlands N.V. The sole shareholder of Athora Netherlands N.V. is Athora Netherlands Holding Ltd. Athora Netherlands Holding Ltd. is a full subsidiary of Athora Holding Ltd. (Athora Group).

Athora Group is an insurance and reinsurance group fully focused on the European market. It is a specialised operator focusing on the large and attractive traditional life and pensions market. Its ambition is to become a leading provider of guaranteed life and pensions products and solutions in Europe.

To insurers looking to improve their capital position or make strategic changes, Athora Group offers innovative solutions in the areas of reinsurance and mergers & acquisitions. Athora Group also serves the needs of individual and corporate customers that continue to demand products offering safety of returns at a time when many operators are de-emphasising these products.

The business model of Athora Group is centred on the disciplined accumulation of stable and long-term insurance liabilities; a sophisticated approach to investment, capital and risk management; and an efficient operating model.

With supportive long-term shareholders and a strategic relationship with Apollo Global Management Inc. and its subsidiaries (Apollo), Athora Group can leverage the scale of Apollo's asset management platform.

Athora Group's culture is founded on a clear set of values: Dare to be different, Seek simplicity, Care, and Do the right thing.

3 STRATEGY & DEVELOPMENTS

3.1 Corporate Strategy

Athora Netherlands (including Proteq) is a pension and life insurance company focused on the Dutch market. We build on more than 130 years of knowledge and experience. With our strong consumer brands Zwitserleven and Reaal, we offer our customers attractive products and services to provide a good income for later.

Complemented by the investment expertise and capital support of Athora Group, we aim to be a leading player in the Dutch pension and life insurance market.

To achieve this aim and to fulfil our purpose “We are a sustainable partner for life, taking care of your tomorrow”, we have formulated our Ambition 2025 strategy, consisting of three key value creators:

Growth – A Business for the Future

We aim to address our target market successfully by providing attractive and stable benefits and guarantees in every phase of our customers’ pension and retirement journey. We offer accumulation solutions with our insured and pension premium institution PPI) defined contribution plans. For the retirement (‘decumulation’) phase, we provide our customers with immediate pensions and immediate (variable) annuities. By delivering superior service, we aim to keep customer loyalty high throughout their pension and retirement journey, ensuring high retention rates.

In addition, we have strengthened our capabilities to offer attractive solutions such as opt-outs and buy-outs for pension funds of various sizes, which can opt for excellent, guaranteed and secured offerings.

We also continue to offer best-in-class service to our life service book customers, while this portfolio gradually runs off.

Operating Model – Our Focus is our Advantage

As a focused pensions and life insurance company, we strive for simplicity and customer centricity. This clear focus enables us to structure our organisation more easily, with fewer management layers and more agility to respond to market opportunities. Here cooperation across departments is crucial.

We also choose to cooperate with strategic partners if they can execute certain activities better or more efficiently than we can ourselves. In this way, we ensure continuity and keep costs under control by scaling up or down as needed. We have access to in-depth knowledge and capabilities and can offer our products at low cost to our customers, leaving them with more income for later. Next to that, we promote a culture and organisation that attracts and retains top talent.

Investments & Capital – Deliver on the Promise

We create and maintain stable financial resources to deliver on our promise to all stakeholders. We ensure that we maintain full control over our risk profile through an elaborate risk management framework founded on robust processes, clear governance, highly skilled people, and appropriate risk limits.

We target to provide stable and attractive offerings for our customers, while operating capital generation and efficient use of capital will contribute to a healthy financial position and provide resilient, long-term stable returns to our shareholder.

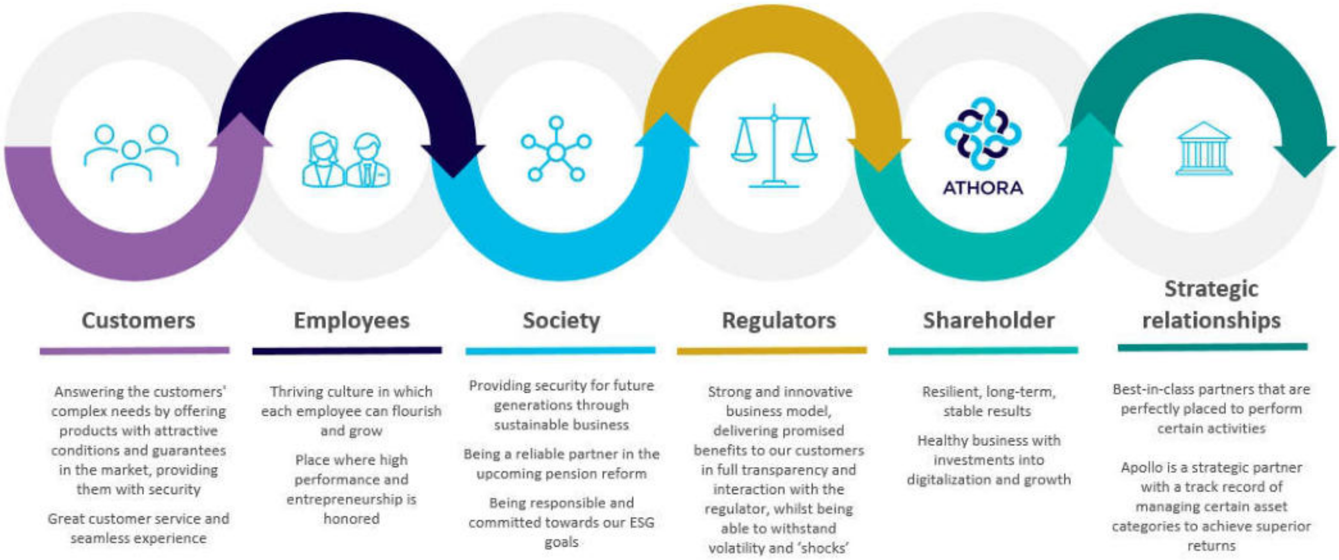
We leverage our strong asset management capabilities to have access to diversified investments. We also make the conscious choice to go for a diverse selection of private markets investments, while remaining selective and conscious of the risks we take.

Sustainability Approach

Integrated in these three key value creators is our overarching sustainability approach, ensuring Proteq delivers on its purpose in a sustainable manner. We will continue to embed sustainable investments and corporate social responsibility in the organisation. Sustainability is an important added value for all our stakeholders: customers, employees, society, regulators, shareholders and business partners. The way sustainability is embedded in each pillar of our strategy is outlined in detail in Chapter 3.4.

A Partner for Life

By delivering on these three key value creators, we will be able to successfully execute our strategy and thereby fulfil our purpose to serve our stakeholders and being a sustainable partner for life for our customers.



3.2 Developments and Business Performance

Trends and Developments

After many years, the new Wtp (*Wet toekomst pensioenen*) pension law came into force in on 1 July 2023. Second pillar pension schemes will have to comply with this law ultimately on 1 January 2028. As a focused pension specialist, Athora Netherlands (including Proteq) is well-positioned to capture the opportunities in the dynamic Dutch pension market, together with our business partners. With our focus, capital position, workforce and commercial momentum, we have all ingredients in place to build a leading position in the market.

Business Performance in 2023

Athora Netherlands, and therefore Proteq, continued to make progress with our Ambition 2025 strategy, which is based upon three value creators: Growth, Operating Model, and Investments & Capital.

Growth

In 2023, we made significant progress with the execution of our growth strategy in pensions.

Operating Model

New Executive Committee

In January 2023, Proteq appointed Annemieke Visser-Brons as Chief Commercial Officer and Bart Remie as Chief Technology & Operations Officer to its new Executive Committee. This committee aims to improve the governance of Proteq, representing all relevant functions within the company. The Executive Committee is responsible for the management, strategy and operations of Proteq.

Expansion of Strategic Partnership with Tata Consultancy Services (TCS)

Proteq transferred the Operations and IT of its Life Service Business to TCS. This expansion of its long-standing strategic partnership with TCS will enable Proteq to further improve customer service levels, safeguard the continuity, and variabilise the expense base of its Life Service Business, a closed book consisting of individual life insurance products under the Reaal brand.

The expansion of the partnership involved the transfer of approximately 90 employees to TCS, who will continue to serve our customers of the Life Service Business. In addition to the

Operations and IT of the Life Service Business, certain IT core infrastructure services were also transferred to TCS. Strategic partnerships, such as this one with TCS, are part of Ambition 2025 strategy to become a leading, focused pensions and life insurance company.

First Place in VBDO Sustainability Ranking

In September, Athora Netherlands once again achieved first place in the benchmark 'Responsible Investment by Insurers in the Netherlands' with a score of 4.5 out of 5. The Dutch Association of Investors for Sustainable Development (VBDO) presents this survey every two years, comparing the sustainable investment policies of Dutch insurers in four areas: governance, policy, implementation and transparency.

Merger SRLEV and Proteq

On 8 March 2024, the intention to merge the entities SRLEV N.V. and Proteq Levensverzekeringen N.V. was published in a number of newspapers and in March 2024 letters have been sent to the policyholders of Proteq to inform them of our intention. The intended date of the merger is 30 June 2024. This merger will enable us to further improve customer service levels and safeguard the continuity of the individual life insurance products for the policyholders of Proteq.

The merger will come into effect if all conditions are met, such as the approval by DNB and the statements of no oppositions by policyholders and creditors. On the merger date, SRLEV will continue the activities of Proteq and will acquire all assets and liabilities of Proteq. Proteq will cease to exist. The financial data of Proteq will be accounted for in the financial statements of SRLEV as per 1 January 2024. The last financial year of Proteq will therefore end on 31 December 2023.

Investments & Capital

Continued Redeployment of Investment Portfolio

As part of our business strategy, we continued the gradual rebalancing of our investment portfolio, achieving an increase in investment income and positive operating capital generation in 2023. Together with the continued diversification of investments, the investment management results—as a contribution to our overall performance— have shown further improvement over the past year.

Creating and Maintaining Stable Financial Resources

Proteq's Solvency II ratio increased to 202% at the end of 2023 (year-end 2022: 197%), reflecting material OCG and the positive impact from management actions. Our capital position provides comfort to our customers and forms a solid and sustainable platform to further develop our business.

2023 Milestones

Q1

- Athora Netherlands achieved 'Top Employer' certification in January for the second year in a row. This international quality mark is awarded annually to employers with an excellent HR policy. The list of top employers was announced by the Top Employers Institute.
- Also in January, Proteq announced the appointment of Annemieke Visser-Brons as Chief Commercial Officer and Bart Remie as Chief Technology & Operations Officer to its new Executive Committee.

Q2

- On 1 May, Athora Netherlands' head office moved from Amstelveen to EDGE Amsterdam West. The modern and innovative working environment fits well with the hybrid way of working Athora Netherlands advocates. It is also one of the most sustainable office buildings in Europe with the highest sustainability scores from BREAAM and WELL.

Q3

- Proteq announced on 31 August that it will transfer the Operations and IT of its Life Service Business to Tata Consultancy Services (TCS). This expansion of its long-standing strategic partnership with TCS will enable Proteq to further improve customer service levels, safeguard the continuity, and variabilise the expense base of its Life Service Business, a closed book consisting of individual life insurance products under the Reaal brand.
- In September, Athora Netherlands once again achieved the first place in the benchmark 'Retsd
- sponsible Investment by Insurers in the Netherlands' with a score of 4.5 out of 5. The Dutch Association of Investors for Sustainable Development (VBDO) presents this survey every two years, comparing the sustainable investment policies of Dutch insurers in four areas: governance, policy, implementation and transparency.

3.3 Financial Results and Capital Position

Financial Results

The IFRS Net Result amounts to a profit of € 24,450 thousand after tax (2022: loss of € 11,619) and was positive influenced in 2023 due to the investment result and change in DTA position. For the same period in 2022 the IFRS Net Result of Proteq was impacted by a negative development in the fair value of the derivatives portfolio.

Capital Position

The estimated Solvency II ratio of Proteq increased to 202 per cent at year-end 2023 from 197 per cent at year-end 2022.

The main items driving the change in the Solvency II ratio were:
- Operating capital generation of +19 percentage point.
- Market impacts of +2 percentage point.
- One-off items of -48 percentage point.
- Capital flows of 0 percentage point.
- Other of +32 percentage point.

More information about the change in Solvency II ratio can be found in Chapter 7 'Managing Risks' in the financial statements.

SOLVENCY II POSITION

In € millions / percentage	2023[1]	2022[2]
Eligible own funds	45	55
SCR	22	28
Solvency II Surplus	23	27
Solvency II ratio	202%	197%

1 Regulatory Solvency II ratio 2023 is not final until filed with the regulator
2 Figures as filed with the regulator

SENSITIVITY

	Solvency II ratio	
In %	2023	2022
10% lower mortality rates for all policies (longevity risk)	14%	13%
Interest +50 bps	17%	-5%
Interest -50 bps	-1%	4%
UFR -15 bps	-10%	-8%
UFR -50 bps	-32%	-34%
Excluding VA	-54%	-47%
Inflation +100 bps	-3%	0%
Credit spreads Government Bonds +50 bps	-43%	-49%
Credit spreads Corporates/Mortgages +50 bps	42%	15%
All Credit spreads +50 bps	-19%	-25%

3.4 Sustainability

Proteq Levensverzekeringen N.V. is a full subsidiary of Athora Netherlands N.V. The sustainability ambition and strategy of Athora Netherlands applies to all subsidiaries of Athora Netherlands. The sustainability information in this paragraph is presented on Athora Netherlands level and as far as it applies to Proteq.

At Athora Netherlands, sustainability has long been an integral part of our strategy. Throughout our long heritage, our various predecessor companies were established with the goal of meeting the societal need for financial security in times of adversity and in the later stages of life. Our mission today is a continuation of that goal, supplemented with the conviction that financial security is worth so much more when it can be enjoyed in vibrant communities on a healthy planet, and that we have the means and, therefore, responsibility to contribute to a better world.

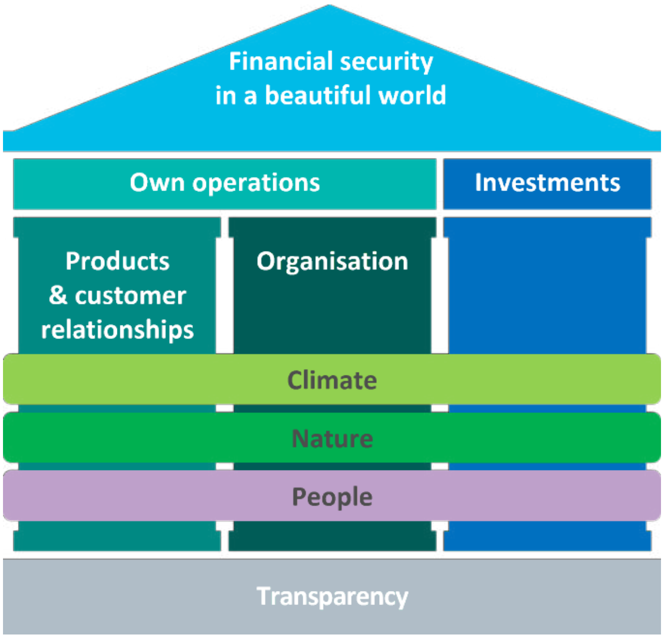
In 2023 Athora Netherlands under the stewardship of the Sustainability Office further refined and deepened the sustainability ambition and strategy and coordinated efforts to meet increasing expectations with respect to sustainable business practices from our stakeholders including clients, employees, regulators and society at large. We made good progress with further embedding sustainability in across business lines and functions, in the form of concrete choices, initiatives, KPIs and targets.

3.4.1 Sustainability Strategy

Our mission is that people enjoy financial security in a beautiful world, ecologically and socially.

We aim to deliver on this mission through the provision of excellent pension solutions, created and delivered in a sustainable manner, optimising financial, ecological and social return through:

- Products & customer relationships: In our role as insurer, we aim to ensure that our products are fair, transparent and accessible and protect the interest of our clients whilst enabling them to make sustainable choices.
- Organisation: In our role as employer and corporate citizen, we aim to ensure that we offer a fair and stable work environment, improve communities and our planet, and raise awareness about our activities and impact.
- Investments: In our role as investor, through our investments and integration of sustainability risk mitigation, make a positive, real and measurable impact on the economy, community and planet, and deliver long-term returns for our clients and business.



Across all elements of our business model, we commit to mitigating climate change and protecting and restoring nature, as well as promoting a fair and just treatment of people including a fair & equal living wage for our employees and workers throughout our value chain.

We are transparent about our sustainability objectives and our progress towards those.

Thus, through what we offer and how we conduct ourselves, we contribute to a world where our clients, our employees, the community and the planet are thriving and as a result provide long-term stability for the company and stable financial returns to our shareholders.

Strategy for Own Operations

The essence of our business is to serve society by providing fair and affordable pensions solutions whilst ensuring that our own operations are gentle on our planet and communities.

As part of our push to further embed sustainability in our own operations, we are strengthening policies and practices across all areas of our business and exerting influence on the companies and partners we work with. This spans from integration of sustainability in our product design and sales processes to energy and emissions saving measures in our facilities and IT, as well as supporting and developing our own employees and helping them make conscious choices, e.g., with respect to commuting.

Whilst the impact of these combined measures is modest and sustainability risks mostly manifest themselves outside our own operations, we believe setting the right example in how we conduct ourselves in our role as insurer, employer and corporate citizen is critical to our credibility in our role as sustainable investor.

Strategy for Investments

It is in our role as investor that we can make the most impact. Therefore, Athora Netherlands has formulated a holistic investment policy that takes into account the sustainability opportunities and risks of investments and the impact of investments on society. The long-term sustainability goal of all of our investments is that the entities in which we invest will operate within the ecological boundaries of our planet and the social foundations of society. In order to achieve these goals and comply with current and new legislation, our Sustainable Investment Policy consists of the following steps:

Step 1: Fundamental Investment Principles

The basis of our Sustainable Investment Policy is that companies, governments and institutions must comply with socio-ethical principles. These Fundamental Investment Principles are based on a range of international conventions and principles, including the United Nations' Principles for Responsible Investment (PRI), Global Compact (UNGC), the UN Guiding Principles on Business & Human Rights and the OECD Guidelines for Multinational Enterprises.

In addition, we do not invest in issuers that are subject to EU or UN sanctions, are involved in the production or trade of controversial weapons, are systematically involved in fraud, corruption or tax avoidance, or are significantly involved in tobacco, pornography or gambling. Companies, governments and institutions that do not comply with these principles exhibit unacceptable behaviour and are consequently excluded from the investment universe. All entities that comply with our Fundamental Investment Principles are also considered to meet the conditions of good governance as formulated in the SFDR, where applicable.

Compliance with our Fundamental Investment Principles is assessed on the basis of two main criteria:

(1) repeated or systematic involvement in activities covered by the Principles, as well as failure to adequately address such involvement; and (2) insufficient measures to prevent this involvement in the future. Athora Netherlands assesses whether companies, governments or institutions should be excluded as soon as it becomes clear that they cannot be convinced to change their behaviour. When it is decided to exclude an issuer and a company, government or institution and an investment is already made in the issuer, this investment will be sold with due observance of a certain time limit and, especially in case of illiquid assets, maturity of the asset. This may also apply to issuers that are not directly involved in violations of the Fundamental Investment Principles, but whose conduct or activities raise serious ethical questions.

Step 2: Sustainability Themes

On the basis of material sustainability drivers, Athora Netherlands also assesses the extent to which companies, governments and institutions have the potential and intentions to contribute to a more sustainable society and to prepare for the social transitions that are ongoing.

The purpose of this is twofold. On the one hand, this shows to what extent investments in these issuers contribute to the stated long-term sustainability goals. On the other hand, this assessment reduces the sustainability risks of the investments by assessing which companies, governments and institutions are (inadequately) prepared for changes in regulations, markets and society as required by the sustainability transition.

The potential and intention of companies, governments and institutions to change is referred to as the 'adaptability'. Companies, governments and institutions with insufficient adaptability are excluded from investment. This adaptability is assessed on the basis of seven Material Sustainability Drivers that indicate how issuers deal with various sustainability transitions, and take into account:

- Use of fossil fuels: Controlling the use of fossil fuels. This affects, among other things, climate change, air pollution, the availability of energy and health.
- Water use: Controlling the use of fresh water in areas where water is scarce. This affects, among other things, the availability of water, water quality, health and food production.
- Land use: The management of land use, especially for agricultural and mining purposes. This affects climate change, loss of biodiversity and water flows, but also local communities and social inequality.
- Chemical waste management: The management of toxic substances, long-life chemicals, hazardous waste and plastics. This affects the environment and public health.
- Social capital management: Activities to maintain the right to exist (the so-called license to operate). This affects, among other things, human rights, relationships within communities, social equality and the access to and affordability of, for example, health care and financing.
- Human capital management: Activities related to labour and trade union rights and working conditions. These affect educational opportunities and income and gender inequalities.
- Organisational behaviour and integrity: Actions to create an ethical business climate. These affect local communities, social justice and working conditions. For companies, this concerns their own organisational model, but also the way in which they deal with other companies in the chain.

We assess the degree of adaptability for every company, government or institution. A wide range of quantitative and qualitative sustainability indicators are used for this purpose, which come from a number of specialised ESG data suppliers. These indicators provide retrospective insight into the current degree of sustainability of companies and governments, but also provide insight into the goals, plans and investments to further shape the transition in a forward-looking manner.

Companies or governments that through their activities or operations in the long run do not show to have the adaptive capacity towards operating within the planetary boundaries and social foundations, are not included in the investable universe. We therefore strive to only invest in companies or governments that are transitioning towards this end.

Step 3: Positive Impact

Athora Netherlands strives to create a (net) positive impact through its investments, in addition to excluding unacceptable behaviour and mitigating sustainability risks. For this reason, we select companies for certain parts of our portfolio that make a conscious contribution to one or more sustainability objectives, without doing significant harm to other sustainability factors. It may concern companies that develop services or products that enable others to make a positive contribution to society. It may also concern companies that make a positive contribution to the Sustainable Development Goals with their own production methods.

Risk Management

Athora Netherlands believes that sound corporate behaviour and integrity, as defined for instance by UN Global Compact and the OECD Guidelines for Multinational Enterprises, contribute to the long-term financial performance of companies, the stability of communities and the Sustainable Development Goals, and therefore considers these factors and transparency about these in its investment decisions.

For entities that comply with the Fundamental Investment Principles, we assess whether they are able to control their exposure to the material risks of not operating in the safe zone. Also, part of this is their ability to capitalise on opportunities to operate within those zones. We are convinced that the integration of sustainability aspects and risks in the investment policy leads to better risk-return profiles. When assessing individual companies and governments according to the sustainability framework applied by Athora Netherlands, we explicitly look at the possible sustainability risks associated with the various sustainability themes and how companies and governments mitigate these risks.

In addition to sustainability risks relating to individual companies or sectors, Athora Netherlands also takes into account sustainability risks that may arise in specific countries or regions, such as increasing exposure to natural disasters (including climate change) or social unrest. Taking sustainability risks and opportunities into account creates a broader view of the companies, governments and institutions in which we invest in and improves decision-making, which can ultimately lead to the selection of companies, governments and institutions with lower downside risks and better returns.

Companies, governments and institutions can also be at risk from involvement in controversial themes and practices. In general, reduced involvement in controversial topics and practices for entities leads to reduced market risk and lower cost of capital. Lower cost of capital is generally associated with a higher investment valuation and/or greater return potential. Specific sustainability risks and the way in which we deal with them in order to mitigate these risks in its portfolios are discussed below as part of our active ownership.

Active ownership

Voting and engagement are two instruments that allow Athora Netherlands to stimulate improvement and upward movement of entities to a higher category within our sustainable investment framework.

Voting

Votes are cast on behalf of Athora Netherlands at shareholder meetings of investee companies to promote sustainable operations. This can involve voting on board proposals, proposals from other shareholders, or submitting their own proposals. Athora Netherlands follows the principles of the International Corporate Governance Network (ICGN), which are recognised as best practices and endorsed by the OECD's Principles of Corporate Governance. A voting policy has been developed based on these guidelines, covering typical agenda items at shareholder meetings. In addition, the voting policy includes specific themes from Athora Netherlands' sustainability policy, as shareholder resolutions often address governance, social, environmental, and ethical issues. Overall, Athora Netherlands uses its voting rights to encourage companies to operate sustainably and adheres to internationally recognised governance principles.

Engagement

We use engagement as one of instruments to influence behaviour of entities we invest in. Engagement involves actively entering into a dialogue with companies, and to a lesser extent with institutions and governments in order to propose solutions for their sustainability challenges and to stimulate change in the field of the environment, social aspects and/or corporate governance. The objectives of engagement include ensuring that improvement is shown in ESG policy and ESG performance; ensuring that improvements to ESG standards are achieved; and influencing laws and regulations related to ESG standards. The way in which the dialogue with companies, governments or institutions is entered into depends, among other things, on the reason for engagement, the willingness to cooperate and to answer questions. Engagement can be initiated from different angles, for example from new and/or changing laws and regulations and/or by collaborating with other investors to achieve certain ESG objectives and reduce ESG risks.

When it becomes clear after assessment that improvement of the policy or behaviour in the field of the environment, social aspects and/or corporate governance is necessary to prevent exclusion in the long-term, a proactive discussion is started. In the case of equity investments, for example, the interest in these companies can be made clear from the role of shareholder that improvement is necessary.

The conversations are tailored to the unique context of each company or institution, with a focus on collective engagements and long-term dialogues with the aim of achieving 'real-world impact' and systemic change. In 2023, individual and collective engagements were conducted with 469 companies and institutions on behalf of Athora Netherlands, including Proteq.

In particular, engagement was conducted on the following themes to contribute to the implementation of Athora Netherlands' sustainability policy and underlying objectives:

Through stewardship, we encourage companies to reduce greenhouse gas emissions and prepare for the impacts of climate change. Last year, 469 engagements were made with companies and governments, of which 266 (or 41%) were on climate change. This includes efforts through the collective platform Climate Action 100+, of which Cardano is a member partly on behalf of Athora Netherlands, including Proteq.

Climate Action 100+, the largest climate engagement initiative, has had demonstrable successes in recent years. For instance, the number of companies committed to a net-zero target has increased significantly. Whereas in 2021 only 50% of companies had a net-zero target, by 2023 this has increased to 77% of companies. Also, 87% of companies have set a medium-term carbon reduction target for 2023 and 93% of companies have invested in monitoring climate risks and opportunities at board level. Companies have also made progress in publishing carbon reduction targets.

In implementing these targets, companies are lagging behind. This puts meeting the 2030 medium-term targets of the Paris climate agreement further out of sight. In June 2023, the CA100+ therefore announced the start of the second phase of the initiative. This new phase lasts until 2030 and shifts the focus from the publication of climate reports and targets to the implementation of climate transition plans. This second phase of the initiative sets minimum requirements for investors leading engagement, such as target setting, engagement activities and appropriate escalation options. Athora Netherlands encourages these developments and supports Cardano which, as co-leader of the engagement with a major agricultural crop trader (Bunge), will focus on the publication and implementation of the climate transition plan to which it committed during previous discussions.

Other examples on topics were discussed:

Example: Agriculture's Carbon Footprint in the CA100+

The agriculture sector has an important role to play in meeting the Paris targets, but there are significant obstacles to putting this into practice. The sector has its own unique transition pathway. To reduce carbon emissions and improve environmental impact, farms and commodity traders need to take several initiatives, including preventing deforestation and reducing the carbon footprint of food commodity production. To support the transition of this sector, Cardano is leading an engagement partly on behalf of Athora Netherlands, including Proteq, for example from the Climate Action 100+ initiative with one of the world's largest agricultural commodity traders (Bunge). From this initiative, a shareholder resolution was drafted in 2023 asking this trader to set a net-zero target. Although the company already had targets to reduce carbon emissions by 2030, it lacked a longer-term action plan and targets. After several constructive discussions with the company, Bunge committed in writing to prepare a reduction plan as a first step towards a net-zero target. The commitment will be continued to oversee the publication of a credible action plan and the achievement of the remaining CA100+ targets.

Exclusion

If entities are categorised as non-adaptive, we consider them to be a significant risk to society and to investors. After consideration such entities will be excluded from investments. Since there is generally little willingness among these entities to change to business conduct that fits the safe and fair zone category, engagement is unlikely to be successful.

In 2023, the total number of companies and institutions excluded for violating international standards and/or involvement in harmful products has increased further. A total of 90 new companies and institutions have been excluded and 4 companies and institutions have been readmitted to the investable universe. With regard to country policy and its implementation, there have been no changes in the investable universe.

In 2023, the total number of companies excluded due to being non-adaptive increased again. Most of the new exclusions were based on high carbon intensity levels, either from own operations (scope 1 and 2) or products sold (scope 3). The high number of exclusions reflect the fact that the low carbon transition risks are materialising rapidly. The names of newly excluded entities and grounds for exclusion are published in quarterly reports published on our website throughout the year.

3.4.2 Governance

Investment Governance

Various departments and committees within Athora Netherlands have the responsibility to adequately implement our Sustainable Investment Policy. In respect of Proteq's own account investments Athora Netherlands' Investment Office is responsible for the implementation and execution of the Sustainable Investment Policy. The Investment Office reports to the Investment & Balance Sheet Commission (IBSC) of Athora Netherlands on compliance with this policy.

The Investment Office implements the outcome of the investment sustainability screening in the investment portfolios managed by the Investment Office itself and, where applicable, in the investments that are outsourced to external asset managers. For example, this could be the implementation of adjustments made in the exclusion list. In addition, the Investment Office takes an active role in assessing the sustainability level of external managers, both during the initial selection process and during the subsequent continuous monitoring. An assessment of external managers organisation and the relevant investment product is performed by taking into account its sustainable investment policy (including its exclusion policy and its policy on voting and engagement) and the most recent PRI assessment of the asset manager, if applicable.

3.4.3 Materiality Assessment

In recent years including reporting year 2023, Athora Netherlands has reported sustainability information according to the *Non-Financial Reporting Directive* (NFRD) and with reference to the *GRI Standards*. As described in GRI 3, in 2022 we conducted a process to determine material sustainability topics by means of a stakeholder survey, considering both the impact we have as a company on people and the environment ("impact materiality") and the risks and opportunities that sustainability-related developments present for our company ("financial materiality").

From reporting year 2024 onwards, Athora Netherlands will be in scope of the successor of the NFRD, the *Corporate Sustainability Reporting Directive* (CSRD) and will need to report sustainability information based on European Sustainability Reporting Standards (ESRS).

A key requirement in the ESRS is to conduct a double materiality assessment (DMA) to establish the material topics that define for a large part the scope of reporting. The ESRS and accompanying guidance documents from the *European Financial Reporting Advisory Group* (EFRAG) describe in detail how such a DMA must be conducted. The double materiality assessment not only determines our reporting scope, it also provides insights for strategy development and allocation of the resources to achieve compliance with CSRD.

In preparation of reporting in accordance with the upcoming CSRD requirements, Athora Netherlands conducted a DMA for the first time in 2023, following the ESRS requirements as much as possible. Over the course of 2024 we aim to implement all remaining ESRS requirements including engagement with external stakeholders and a detailed review in our Executive Committee the assessment and outcomes.

A schematic of the DMA approach we embarked on is drawn below:

3.4.3.1 Mapping of Activities, Stakeholders and Business Relationships

As a first step of the double materiality assessment, we constructed an overview of our activities, our stakeholders and our business relationships throughout our value chain. The overview provides the input and context for identifying sustainability impacts, risks and opportunities.

As a financial institution, our regulators also have requirements and expectations with respect to social and environmental risk assessments and reporting, which have been included in the overview of activities, stakeholders and business relationships. Likewise, we took into account that Athora Netherlands is a signatory of the (Dutch) Climate Commitment Financial Sector, the Finance for Biodiversity Pledge and the Diversity at work/ Social Economic Council charter.

3.4.3.2 Identification of Sustainability Topics

The following step was to identify sustainability topics (environmental, social and governance) across Athora Netherlands own operations, investments and upstream and downstream value chain, taking the list of the sustainability topics in ESRS1 paragraph AR16 as a starting point, supplementing with other entity-specific or sector-specific topics.

A simplified representation of Athora Netherlands' value chain looks as follows:

As an insurer focused on pensions, operating in the Netherlands only, Athora Netherlands is exposed to sustainability risks and opportunities primarily through its investment portfolio. Nonetheless, also in relation to our own operations, including our products and customer relationships (insurance activities) and our organisation (incl. suppliers and business partners), a range of sustainability topics were included in the assessment.

This phase of the assessment resulted in a “long list” of sustainability topics for further assessment.

3.4.3.3 Assessment of Impacts, Risks and Opportunities

Next, we proceeded to determine actual and potential material impacts, risk and opportunities by applying criteria to assess both impact materiality and financial materiality for each of the topics on the “long list”, resulting in an overview of material topics or ‘double materiality matrix’ that will be the basis for Athora Netherlands sustainability disclosures.

We effectively performed the analysis twice. Once for Athora Netherlands’ own operations, including our products and customer relationships (insurance activities) and our organisation (incl. suppliers and business partners) and once for our investments, each time in a series of workshops with relevant subject matter experts. We applied scores for *scale, scope, remediability* (of negative impact) and *likelihood* for impact materiality and considered *continuation of use of resources* and *reliance on relationships* for financial materiality on a topic level. We also computed our exposure to a range of sustainability topics risks in our investment portfolio and considered how these exposures could translate impacts, risks and opportunities.

Our assessment confirmed that Athora Netherlands' exposure to sustainability topics is primarily through its investment portfolio. Through our investments is also where we can potentially make the most impact. For example, the vast majority of Athora Netherlands greenhouse gas emissions are financed emissions. Emissions from our own operations are minimal in comparison and as a monoline life insurer we do not have insured emissions.

As a next step, Athora Netherlands is currently performing a gap assessment on where to further strengthen policies and processes to manage these impacts, risks and opportunities and set appetite levels and ambitions and monitor progress towards those, To support this we are looking to enhance our insights through more and better data.

The outcome of this phase of the assessment is the following overview of material topics and impacts, risks and opportunities.

Topic	Subtopic	Description
Climate change	• Climate change mitigation • Climate change adaption • Energy	**Financial (transition risk)** The risk of financial loss in the investment portfolio as a result of the transition to a low-carbon and environmentally friendly economy (e.g. business model becoming obsolete) **Financial (physical risk)** The risk of financial loss in the investment portfolio caused by extreme weather conditions (e.g. prolonged droughts, floods and storms) **Impact (positive or negative)** The (reduction of) financed emissions as a result of investee companies transitioning to low-carbon and environmentally friendly business models as a result of active ownership (engagement & voting)
Water and marine resources	• Water withdrawls • Water consumption	**Financial** The risk of financial loss in the investment portfolio as a result of scarcity of (clean) water caused by overuse (excessive withdrawals and/or consumption)
Biodiversity and ecosystems	• Direct impact drivers of biodiversity	**Financial** The risk of financial loss in the investment portfolio as a result of biodiversity loss or collapse of ecosystems (e.g. leading to scarcity of food crops or fertile soil)
Own workforce	• Diversity • Training and skills development • Talent attraction and retention • Employee engagement	**Financial** The risk of financial loss resulting from failure to attract or retain a sufficient number of the employees needed for successful business operations
Workers in the value chain	• Working conditions • Other work-related rights	**Financial (positive or negative)** The (improvement of) working conditions (e.g. adequate wages, health & safety) and other work-related rights (e.g. child/forced labour) at investee companies as a result of active ownership (engagement & voting)
Consumers and end-users	• Information related impacts • Social inclusion	**Financial (positive or negative)** Availability of fair and suitable financial products, adequate service levels and clear and transparent information to help customer make informed decisions, by responsible and customer-centric product development and marketing; also careful handling of personal information of customers
Business conduct	• Management of relationships with suppliers • Corruption and bribery • Cyber security	**Financial** The risk of financial loss resulting from ineffective management of suppliers or from failure to attract customer or employees due to the loss of trust, reputation of licence to operate

3.4.3.4 Validation and Stakeholder Engagement

At various stages we used the input, challenge and feedback of internal and external stakeholders in the materiality assessment and the validation thereof. We also requested a ‘second opinion’ on the outcome of our initial assessment, which resulted in refinements made.

The final refined assessment was validated and approved by our Executive Committee and also discussed in the Audit Committee of the Supervisory Board.

3.4.3.5 Planned Next Steps

Planned next steps in 2024 include:

- Validation of outcomes of the materiality assessment with external stakeholders
- Internal review and refresh of the materiality assessment
- Documentation of impacts, risks and opportunities (IROs) and value chain
- Further inclusion and determination of phased in approach to selected material topics and IROs
- Detailed validation of the refreshed assessment in Executive Committee

3.4.4 Our Value Creation Model

Through the three key value creators of our Ambition 2025 strategy, mentioned in 3.1 Corporate Strategy that align perfectly to the three sustainability pillars supported by our four company values, we aim to create long-term value for all our stakeholders. In the simplified version of our value creation model below we show how we use various types of resources to create outcomes from our business activities.

3.4.5 Climate

Responsibility to combat Climate Change

The earth is warming and the climate is changing. Athora Netherlands aims to provide financial security in a beautiful world, ecologically and socially. That is why we believe, along with the entire financial sector as financiers of the real economy, we have a responsibility to combat climate change.

Since 2015, just after the conclusion of the Paris Agreement, we have adopted a long-term climate target for our entire investment portfolio and own internal operations in line with that agreement. At that moment, an intermediate target was formulated to reduce greenhouse gas emissions in 2030 by 30% compared to 2010 and in 2021 we set new, more ambitious climate targets, in line with the latest scientific insights, with 2019 as the base year.

Our approach to reaching our climate targets acknowledges that climate change is caused by multiple factors and requires changes by all sectors. Where initial efforts focussed on the largest carbon emitters and scope 1 and 2 emissions, nowadays all sectors must realise they have to take responsibility and companies also have a responsibility to reduce emissions across their entire value chains (scope 3 emissions).

The shift from fossil fuels-based technologies to renewable energy technologies and the need to improve energy efficiency, already leads to a major paradigm shift in society. Yet, actions also have to reduce methane emissions from livestock, land use change and waste management, and nitrous oxide emissions from fertilizer use. In addition, they have to reverse the reduced carbon sink capacity of our ecosystems in the form of nature-based solutions. These require additional systemic changes that go beyond the technological solutions many climate change action plans currently focus on.

On top of that, knowing that climate impacts may be reduced but cannot be totally prevented, managing physical climate risks becomes more and more relevant where companies can take action to partly mitigate some of the physical climate risks they encounter.

Net-zero Greenhouse Gas Emissions by 2050, in line with a 1.5°C Climate Scenario

The overall, long-term target of Athora Netherlands is to achieve net-zero greenhouse gas (GHG) emissions at the latest by 2050, in line with the 1.5°C scenario of the IPCC, the ambitions stipulated by the Paris Agreement and the EU Climate Target Plan 2030.

The climate target applies to all investments of Athora Netherlands as well as its own operations, and covers scope 1 (direct operations), scope 2 (energy generation) and scope 3 (value chain) emissions.

It includes CO_2 emissions as well as emissions from other greenhouse gases such as methane, nitrous oxides and fluorinated gasses.

Given the timespan of the overall target, Athora Netherlands has defined intermediate targets for 2030 and 2040:

- 50% GHG emissions reduction by 2030 compared to end 2019
- 75% GHG emissions reduction by 2040 compared to end 2019

Our Ambition

- Net Zero greenhouse gas emissions by 2040 for our own operations and by 2050 for our investments.
- Cover scope 1 (direct operations), scope 2 (energy generation) and scope 3 (value chain) emissions.
- Includes both carbon emissions and emissions from other greenhouse gases.
- Intermediate investment reduction targets:
  - 50% reduction by 2030
  - 75% reduction by 2040
  - This equates to an average annual reduction of ≈7%
- In line with IPCC's 1.5°C scenario, the Paris Agreement and the EU Climate Target Plan 2030.

Athora Netherlands monitors and reports the aggregate scope 1 & 2 emissions and scope 3 emissions separately to avoid duplication and to prevent that mitigation efforts concentrate on own emissions while neglecting emissions within the value chain that may be more difficult to reduce.

Reductions will especially stem from energy efficiency, low carbon energy supply and renewable energy solutions. Yet, as only approximately two thirds of all greenhouse gases originates from fossil fuels related activities emitting CO_2, emitters of other greenhouse gases will also be targeted. For that reason, reductions will also be realised by lowering emissions from land use (e.g., (change of use, fertilizer use) and reducing fluorinated gas emission (e.g., from cooling appliances).

It is expected that different sectors will follow different reduction pathways. On top of this, as concluded by most carbon emission pathway studies that limit warming to 1.5°C with no or limited overshoot, it is expected that greenhouse gas emissions cannot completely be reduced to zero in 2050. The majority of scenarios assumes that a limited level of greenhouse gas emissions is unavoidable, and factors in negative emissions as a necessary solution to reach net zero in 2050. On the one hand, these negative emissions will need to come from nature-based solutions such as avoided deforestation and peatland drainage, peatland restoration, reforestation, restoration of cover crops, improved agricultural practices, improved fishing methods and protection of land and marine biodiversity. On the other hand, technological carbon capture and storage solutions play a role.

Athora Netherlands allows for limited negative emissions to offset emissions in its investment portfolio and own operations.

Climate Change Mitigation through a Net-zero Investment Portfolio

To achieve its climate targets, Athora Netherlands follows a strategy of climate change mitigation to reduce the sources or enhance the sinks of greenhouse gases.

Climate change adaptation is necessary to mitigate risks stemming from climate change but does not help reach the net-zero greenhouse gas emissions target.

In our role as an investor, we aim to actively contribute to decarbonisation in the 'real economy'. Rather than reallocating portfolio positions, Athora Netherlands stimulates investee issuers to adopt business models that are in line with a 1.5°C pathway. This translates into three strategies to reach the climate targets for Athora Netherlands' investment portfolio:

1. Reduce greenhouse gas emissions of issuers by engagement and voting
   Athora Netherlands adopts an active ownership strategy and urges corporate issuers to set GHG emission targets and to define actionable implementation plans to reach those targets. We have defined asset class specific KPIs and targets to ensure sufficient progress is made across our equity and corporate bond portfolios with respect to science-based targets. In addition, we have adopted a thermal coal phase out strategy with clear maximum thresholds for thermal coal revenues per issuer, according to a predefined schedule for 2025, 2028 and 2030.
2. Invest in solutions that reduce, capture and store greenhouse gas emissions or increase low-carbon energy supply
   Athora Netherlands is increasing its investments in solutions that reduce greenhouse gas emissions, increase low-carbon energy supply or capture and store greenhouse gases. This includes investment in issuers generating renewable energy and developing the necessary technologies to generate low-carbon energy. It also includes investing in issuers that develop technologies and processes that use renewable instead of fossil-based sources or improve energy efficiency. As one means to measure progress, we have set targets for increasing investment in EU Taxonomy aligned activities.
3. Exclude issuers that lack the capacity to make the transition required for a net-zero economy
   Athora Netherlands already screens if and how issuers prepare for the low-carbon transition. Our Sustainable Investment Policy defines principles that lead to exclusion of the most environmentally impactful fossil fuel activities such as thermal coal, coal-fired power plants, as well as unconventional exploration such as shale oil and gas, tar sands and deep sea and arctic drilling.

The criteria to identify issuers that lack the capacity to adapt to the low carbon transition will become stricter, leading to divestment from (more) issuers in the future.

Our Ambition

- **Sovereign Bonds**
  Increasing the proportion of investments in green and/or social bonds to >10% by end 2025.
- **Corporate Bonds**
  Increasing the proportion of investments in green and/or social bonds to >10% by end 2025.
- **Listed Equity** (for account of policyholder only)
  Top-10 emitting issuers per sector must have set science-based targets by end 2024.
- **Private Equity & Infrastructure**
  Allocation of >5% to "Sustainable" and "Impact" investments by end 2024.
- **Real Estate**
  Engage with managers on investment plan to improve BREEAM certification.
- **Mortgages**
  Allocation of >15% to Energy A label mortgages.

Net Zero Operations throughout the Value Chain

Athora Netherlands' own operations have been CO_2 net neutral since 2015.

We have been using only renewable energy for over decade for our own housing and facilities, both purchased and generated from solar panels on our offices. In addition, we have increased energy efficiency by adjusting technical installations and lightning. Any remaining emissions are being offset by acquiring high-impact Gold Standard carbon credits.

1. Housing, facilities and transport
   Going forward, we have set our ambitions even higher: we aim to have truly CO_2 neutral own housing and facilities without the need for offsetting by no later than 2030.
   A great step towards this goal was achieved by moving most of our staff to the energy positive EDGE Amsterdam West building in May 2023. Our other building in Alkmaar is also highly energy efficient (as well as gas-free), achieving an A-label. Additionally, as a result of tightening the car lease policy for staff our fleet will consist of only full electric vehicles by 2026, negating the single biggest source of CO_2 emissions from Athora Netherlands' own operations.
   We are developing an innovative and flexible mobility plan to encourage and enable staff to commute in the most CO_2 efficient manner (e.g., through a combination of public transport and bike).
   With most of our staff now partly working from home, we are also investigating ways to encourage staff to make their home office more sustainable.
2. "Green IT"
   The increase in applications of IT and their use, comes with energy consumption and associated GHG emissions. At Athora Netherlands we are conscious about this, and we actively seek for ways to minimise both. By using cloud software and storage we make more efficient use of (shared) resources, reducing energy consumption and emissions. We also look critically at options to actively purge large volumes of no longer needed documents and investigate how we can develop energy efficient algorithms (e.g., for artificial intelligence applications). Also, our devices such as phone and laptop are 'waste neutral', which means that instead of ending up on landfills they are re-furbished and re-used and ultimately responsibly recycled, avoiding CO_2 emissions as well as saving valuable (and sometimes hazardous) raw materials.
3. Other suppliers in the value chain
   With the upcoming CSRD (and potentially CSDDD) regulations, scope 3 emissions will over time need to be measured and reduced for alignment to a 1.5°C climate scenario.
   Athora Netherlands is already anticipating on this, by including sustainability criteria including GHG emission data requirements in supplier contracts to build a comprehensive view on emissions and other climate risks in our value chain. This includes catering, hospitability and cleaning services, but also consultants and employment agencies as well as outsourcings partners in the Netherlands and abroad. Ultimately, we will only contract with parties that align with our net-zero GHG emissions by 2040 target.

Our Ambition

- Fully carbon neutral for own housing without using carbon credits by 2030 at the latest.
- The entire fleet of lease cars will be at least hybrid by 1 Jan 2025, and fully electric by 1 Jan 2026.
- Introduction of an innovative and flexible mobility plan to encourage and enable staff to commute in the most carbon-efficient way.
- Only use carbon-neutral data centres that run on renewable energy from Dutch wind and solar power.
- Build a comprehensive view on emissions and other climate risks in our value chain and develop procurement policies aligned with our Net Zero GHG emissions by 2040.

How we Measure and Track Progress

In line with recommendations from the Taskforce on Climate Related Financial Disclosures (TCFD), Athora Netherlands discloses the GHG emissions and its strategies to further reduce emissions in its annual report. Through our partner Cardano we use the Platform Carbon Accounting Financials (PCAF) method to calculate our carbon footprint. Athora Netherlands frequently monitors and on an annual basis reports progress on the climate targets by the following metrics for scope 1, 2 and 3 emissions for investments:

- Greenhouse gas emissions intensity (tons of CO2 equivalent / EUR);
- Absolute greenhouse gas emissions (tons of CO2 equivalent).

Emission intensity is adjusted for inflation to capture the real greenhouse gas emissions reduction achieved.

Next to that, progress on reaching net zero targets at issuer level will be monitored annually with the following sector- and issuer-specific metrics:

- Sector-specific GHG emissions to output metrics e.g., CO_2 equivalent / MWh generated from fossil fuels for the Utilities and Oil, Gas and Consumable Fuels sectors;
- Issuer-specific GHG emission reduction requirements to align with a 1.5°C scenario.

In line with the Financial Sector Science-Based Targets guide, the emission reduction targets will be recalculated and revalidated every 3 to 5 years and if necessary be strengthened.

Finally, Athora Netherlands will also review its target on scope 3 emissions in the upcoming 3 to 5 years as data quality and standardised reporting by corporates on scope 3 emissions will improve over time.

Carbon Footprint of our Investments

The carbon footprint of the investments is calculated in line with the method developed by the Partnership Carbon Accounting Financials (PCAF). The carbon footprint consists of the absolute total scope 1, scope 2 and scope 3 carbon emissions of the entities in which investments are made. The data is expressed in tons of CO_2 equivalents, and therefore includes various greenhouse gases. Based on the share of the enterprise value of the company invested in (by ways of an investment in equity (shares) or in debt (bonds)) a part of the total carbon emissions of the entities is allocated to our investments. The sum of the carbon footprint of all individual investments corresponds to the reported total carbon footprint of the investments. CO_2 emissions were calculated based on the average of the four quarter ends of 2023. The CO_2e footprint is always a snapshot. For example, for the 2022 annual report, reporting was based on the information available at the time (January 2023). In the subsequent period, more reported data will be available from our data provider MSCI. Based on that additional data we have also recalculated the emissions over 2022 for the 2023 annual report to be as accurate as possible. In this way we can properly compare the two years.

To calculate the carbon footprint for as much of our portfolio as possible, we use the emissions a company reports through, for example, the Carbon Disclosure Project (CDP), their annual report or their sustainability report. If companies do not report these emissions, we use estimates from our external data providers. We measure the progress in CO_2e reductions of the companies we invest in.

CO_2e emissions of companies are distinguished into:

- Scope 1: includes direct CO_2 emissions caused by internal sources of the respective investment (own building, transport and production-related activities);
- Scope 2: includes indirect CO_2 emissions caused by generation of electricity or heat consumed on behalf of the respective investment;
- Scope 3: includes indirect CO_2 emissions released during the use of raw materials, basic materials and emissions caused by the use of the products after sale.

In addition to emissions from companies in our investment portfolios, Athora Netherlands also reports emissions from investee governments. In 2023, in line with new guidelines from the PCAF, Athora Netherlands made changes in measuring emissions for its sovereign bond investments. Instead of only emissions from the government itself, emissions from the domestic economy are now included.

CO_2e emissions from governments are distinguished between:

- Scope 1: includes domestic CO_2 emissions;
- Scope 2: includes indirect CO_2 emissions caused by the generation of consumed electricity or heat imported from abroad;
- Scope 3: includes indirect CO_2 emissions released from the use of raw and base materials in products imported from abroad.

In addition to the change in the calculation of CO_2e emissions for governments, Athora Netherlands has made a change in the way data quality is reported. Instead of the percentage of reported versus estimated data, Athora Netherlands now uses the PCAF quality score. This is a score from 1 (highest data quality) to 5 (lowest data quality).

The tables below show the average data quality score of the investment portfolios.

CARBON EMISSIONS PER INVESTMENT PORTFOLIO SCOPE 1 & 2 AND SCOPE 3[1] ATHORA NETHERLANDS										
	Investments per 31 December 2023	Investments for which CO_2e data is available[2]	Total emissions (ton CO_2e)[3]		Economic emission intensity (ton CO_2e per € million)		Weighted average emission intensity (ton CO_2e per € million turnover)		PCAF data quality score of total emissions	
Investments	In € millions	In %	Scope 1&2	Scope 3	Scope 1&2	Scope 3	Scope 1&2	Scope 3	Scope 1&2	Scope 3
Investments for general account	32,338	69%[4]	1,956,409	2,599,068	88	147	23	688	3.3	4.3
Investments for account of policyholders	12,592	91%	742,852	3,617,190	63	305	64	582	2.5	3.9
Investments for account of third parties	7,560	95%	85,000	645,974	49	343	85	604	2.1	3.8

1 Source: MSCI ESG Research LLC and external asset managers

2 As a percentage of Investments per 31 December 2023. Notably for investments for general account there is significant uncertainty about the total emissions and emission intensity due to lack of granularity and availability of data, as reflected in the 69%.

3 Of the total emissions data 4.6% is based on 2022 or 2021 data.

4 55% for Scope 3

Climate Risks

We use scenario analysis to quantify the impacts of climate change. Multiple scenarios are applied here, because of policy uncertainty, multiple possible tipping points that could accelerate warming and potential technological advances that could help minimise climate change, among others. Each scenario uses a certain degree of warming, calculating the expected loss to the portfolio. It helps us to distinguish the frontrunners from the laggards within sectors, not only to identify which companies are most at risk, but also to be able to identify risks for different asset classes. Based on this, we assess whether these companies should be encouraged even more to adjust their policy or whether the screening should be tightened up. We use two scenarios for this purpose:

- 1.5°C (the Paris-aligned transition scenario): This is our target. It assumes that measures are taken to contain the rise;
- 2°C (late transition scenario): In our view, this is the more realistic forecast. Here, we assume that measures are introduced to address climate change, but are introduced too late to comply with the Paris Agreement.

These scenarios highlight the impact of physical and transition risks in different situations, allowing us to draw conclusions on the different components of climate change-related risks and opportunities.

CLIMATE RISKS UNDER 1.5 AND 2 DEGREES CELSIUS SCENARIOS[1] ATHORA NETHERLANDS										
			1.5°C scenario				2°C scenario			
				Of which:				Of which:		
Investments	Average investments in 2023 (in € millions)	Coverage (in %)[2]	Total	Transition risks	Potential climate opportunities	Physical risks	Total	Transition risks	Potential climate opportunities	Physical risks
Investments for general account[3]										
Total	**8,285**	**68.0%**	**-2.5%**	**-1.5%**	**0.1%**	**-1.1%**	**-1.5%**	**-0.5%**	**0.1%**	**-1.1%**
Listed shares	60	98.5%	-16.7%	-12.5%	9.2%	-14.0%	-14.8%	-6.4%	5.5%	-14.0%
Corporate bonds	8,225	67.9%	-2.4%	-1.4%	0.0%	-1.0%	-1.4%	-0.4%	0.0%	-1.0%
Investments for account of policyholders										
Total	**8,813**	**91.9%**	**-14.1%**	**-10.3%**	**6.3%**	**-10.8%**	**-12.7%**	**-5.7%**	**3.5%**	**-10.8%**
Listed shares	6,963	99.0%	-15.6%	-11.3%	7.7%	-12.7%	-14.5%	-6.5%	4.2%	-12.7%
Corporate bonds	1,850	65.1%	-8.7%	-6.3%	0.9%	-3.9%	-5.9%	-3.0%	0.6%	-3.9%
Investments for account of third parties										
Total	**6,782**	**92.3%**	**-14.1%**	**-9.8%**	**6.6%**	**-11.7%**	**-12.9%**	**-5.4%**	**3.7%**	**-11.7%**
Listed shares	6,414	93.8%	-14.6%	-10.1%	7.0%	-12.3%	-13.4%	-5.6%	3.9%	-12.3%
Corporate bonds	368	67.0%	-5.7%	-4.7%	0.1%	-1.2%	-2.6%	-1.5%	0.1%	-1.2%

1 Source: MSCI ESG Research LLC

2 The Value at Risk measures the value of a company that is under pressure under a certain climate scenario. MSCI uses the AIM CGE model to calculate, assuming that carbon prices are introduced that incentivise companies to meet a given rise in global temperature, to what extent a company is at risk from stricter legislation, has opportunities because it develops technologies that are needed for the energy transition, or is at risk from the physical effects of climate change.

3 Note that the total climate risks are based on the companies for which risk estimates are available. For example, no estimates of climate risks are available for governments and supranational because the models are not yet suitable for this.

The estimates of the climate risks are based on Value-at-Risk estimates for equities and bond investments. On average, the climate risks for bonds are lower than for equity investments because bonds have a greater chance of recovery as part of the invested capital for shareholders than in the event of bankruptcy (due to the effects of climate change). The underlying data show that for some of the companies in the portfolio, the climate transition does not result in risks, but offers the right opportunities of services that are necessary to generate renewable energy and realise energy savings. The risks from changing market conditions of stricter climate policies are expected to outweigh the opportunities for many companies.

In both scenarios we see that the transition risks are lower with higher temperature increases. This is because the required measures by companies are less ambitious in the transition in the higher temperature scenario. In contrast, physical risks increase at the highest temperature increases, due to damage caused by changing weather conditions due to climate change.

A major limitation of the methodology is that we cannot model physical risks that will only materialise in approximately fifteen years or more. Therefore, we believe that the physical risks outlined above underestimate the financial loss to the portfolio of higher warming scenarios, especially in the long term. At 2 degrees it is still necessary to reach net zero emissions over a longer period of time. As such, the transition will still occur, alongside more extreme physical risks. For these reasons, we remain committed to 1.5 degrees.

Another limitation of the scenarios is that we have not been able to include the following types of assets in the calculations because no data is yet available or because climate risks do not apply: government bonds, investments in private companies, derivatives on government bonds, green, social and sustainable bonds, commodities and cash.

Carbon Footprint of our Operations

For Athora Netherlands, it is important to minimise the negative impact of our own business operations on the environment. Being climate neutral with respect to housing is one of our main objectives. Our offices operate on one hundred percent green gas and electricity, as they have been doing for several years. In 2023, we achieved a 78% drop in net carbon emissions for our own internal organisation compared to our base year 2019. The main reasons for this decline were the way of working at home and in the office, the reduction of staff and the electrification of our lease cars. There was not only a reduction in net carbon emissions, but also a sharp reduction in usage of electricity (minus 69%) and gas (minus 45%) for own-use buildings compared to 2019. Gas consumption is higher than last year because of the rebuilding of the motorway A9 in Amstelveen and the consequences it had on the use of the ground-coupled heat exchanger. In May 2023 Athora Netherlands moved its headquarters from Amstelveen to Amsterdam. Amsterdam has no heating based on gas and therefore the total consumption of gas in 2024 will be none.

Commuting to the office and business travel are stable compared to 2022. However, due the concept of PASS (combination of working from at home and office), it has not returned to the level before the COVID-19 pandemic.

CARBON EMISSIONS OWN OPERATIONS ATHORA NETHERLANDS				
	2023		2022	
	Carbon emissions in tonnes	Carbon intensity in tonnes CO_2e per € million turnover[1]	Carbon emissions in tonnes	Carbon intensity in tonnes CO_2e per € million turnover
Scope 1	87		161	
Scope 2	14		-	
Scope 3	576		673	
Net carbon emissions	677	0.37	834	0.45

1 As from 2023, 'Insurance revenue is used as 'Turnover'. 'Insurance revenue' is introduced by the adoption of the new accounting standard IFRS 17 'Insurance Contracts' on 1 January 2023. The comparative figure has been adjusted by using 'Insurance revenue' instead of 'Total income'.

At this moment Athora Netherlands has no projects for the removal of our own GHG emissions via biogenic or technical solutions. Our first objective is to reduce our own emissions by altering our buildings and processes as well as by stimulating staff to make conscious transportation choices. To neutralise the own operations emissions, 918 tons of CO_2e Fairtrade Gold Standard, CDM for financial year 2023 were purchased. In total, this compensation is more than adequate for the actual emission basis, but it has also been decided to continue to support projects based on a social motive. It was therefore decided to support a project in India.

Nevertheless, our activities to work towards climate neutrality go beyond the offices in which we work. All our suppliers are requested to comply with our general procurement terms and conditions. Athora Netherlands is working with our suppliers to gain more insight into their CO_2e emissions and what effect this has on our Scope 3 emissions. We aiming to get more insight into that in 2024.

By agreeing to these terms and conditions, suppliers declare that they have taken steps or are in the process of taking steps to minimise their ecological footprint (including carbon emission, paper consumption, energy consumption and waste) and have implemented or are in the process of implementing similar sustainable procurement terms and conditions in their own organisation.

3.4.6 Nature

Equally important but less well-developed than the topic of climate are the topics that Athora Netherlands captures under the heading of nature. One critical difference is that for nature there is not yet a well-defined widely accepted metric or set of metrics that can be used to set and track progress towards a clear goal, such that reduction of greenhouse gas emissions is for climate. Nonetheless, Athora Netherlands is committed to adopting and contributing to the development of emerging standards and measurements frameworks such as those being worked on by the Taskforce on Nature-related Financial Disclosures (TNFD) and the Partnership for Biodiversity Accounting Financials (BPAF). In the meantime, we want to be transparent on how we already consider nature-related topics such as pollution, water & marine resources, biodiversity & ecosystems and resource use & circular economy in our investment decisions.

Example: Deforestation

The “Satellite-based engagement” launched in 2020 to achieve net-zero deforestation was ongoing in 2023. The initiative aims to promote sustainable supply chains that do not contribute to deforestation. Several investors have joined this effort. Satelligence's data and analysis are instrumental in detecting and measuring the loss of vegetation and forest cover caused by palm oil plantations and other incidents related to palm oil production using satellite data. Each company involved has specific engagement targets based on its position in the supply chain and its progress in implementing deforestation policies and meeting net-zero targets. Companies also provide information on how they handle deforestation incidents linked to their suppliers. Discussions around this commitment have also focused on finding solutions, including regenerative farming techniques, expanding landscape programmes, addressing risks in the beef supply chain through plant supply targets, and allocating funding for projects that benefit forest biodiversity.

3.4.6.1 Pollution

Investments

Chemical pollution and inappropriate waste management negatively contribute to several of the planetary boundaries and social foundations of the adaptive operating zone. They directly impact the planetary boundaries on chemical pollution, air pollution, ocean acidification and nitrogen and phosphorous loading in soil and water.

We aim to move towards a situation with zero waste generation in our investment portfolios. To reach this point, Athora Netherlands expects the companies in which it invests to adapt themselves towards a circular business model, i.e., a business model that prevents – if technically feasible - chemicals and (hazardous) waste problems. Where possible, we monitor whether companies make the necessary adaptations to their business model.

Example: Investor Initiative on Hazardous Chemicals (IIHC)
Hazardous chemicals engagement

The use of hazardous chemicals, such as PFAS, in industrial processes poses risks to public health and biodiversity, including cancer, birth defects, and weakened immune systems. Despite these risks, chemical companies continue to use these chemicals, increasing the likelihood of financial risks due to regulation, reputation, and liability. To address this issue, the Investor Initiative on Hazardous Chemicals (IIHC) was established in 2023 by a group of investors. Coordinated by the NGO ChemSec, the IIHC began engagements with 16 companies in 2023. The objectives of these engagements are to improve transparency by publishing sales and production volume of products containing hazardous chemicals, to publish time-bound phase-out plans for these products, and to develop safer alternatives. During the first half of 2023, talks were held with most of the companies, including Cardano's involvement in discussions with Dupont and Solvay on behalf of Athora Netherlands . The goal of the IIHC is to reduce the negative impacts of these chemicals and mitigate financial risks for investors.

3.4.6.2 Water and Marine Resources

Investments

The method for calculating the water footprint is currently limited to companies. As a result, the current water footprint of portfolios containing government bonds will be lower than the actual footprint. The calculation of the water footprint follows the same method as that of the carbon footprint. In addition, the raw data underlying the water footprint is still relatively uncertain. We expect that with better data, the results will still change in the future. Stressed water consists of the absolute water consumption of business activities in sectors and areas where there is high water scarcity.

SCARCE WATER USE[1] ATHORA NETHERLANDS

Investments	Investments per 31 December 2023 (in € millions)	Coverage investments in areas with water scarcity (in %)	Total water scare use (in thousand liter)	Change in total scare water use compared to 2022 (in %)	Intensity of scare water use per € million	Change in intensity of scare water use compared to 2022 (in %)
Investments for general account						
Total	8,285	2.0%	4,339	27.2%	-	53.5%
Listed shares	60	8.0%	3,374	13.2%	6	9.7%
Corporate bonds	8,225	2.0%	965	27.3%	-	53.8%
Investments for account of policyholders						
Total	8,813	6.7%	40,954	2.8%	62,207	4.8%
Listed shares	6,963	8.0%	39,752	4.0%	75,026	6.4%
Corporate bonds	1,850	1.8%	1,202	-1.6%	13,965	-1.2%
Investments for account of third parties						
Total	6,782	6.8%	8,615	40.1%	95,095	0.2%
Listed shares	6,414	7.0%	8,282	42.4%	99,026	0.2%
Corporate bonds	368	3.4%	333	-0.1%	26,600	-0.1%

1 Source: MSCI ESG Research LLC

3.4.6.3 Biodiversity and Ecosystems

Investments

Athora Netherlands is a signatory of the Finance for Biodiversity Pledge, committing ourselves to:

- Collaboration and knowledge sharing on assessment methodologies, biodiversity-related metrics, targets and financing approaches for positive impact;
- Engaging with companies with the largest negative impact on biodiversity in the investment portfolio;
- Assessing our investments for significant positive and negative on biodiversity impacts;
- Setting targets on reducing negative impact on biodiversity;
- Measuring and reporting progress.

Biodiversity has already been part of our investment screening through several of our Material Sustainability Themes: water use, land use, chemicals & waste management as well as fossil fuel use, as climate change and biodiversity loss are very much interrelated challenges.

Wrong land use due to deforestation can increase the amount of CO_2, affect biodiversity and lead to less income and food. It is our ambition to have no more deforestation in our investment portfolios. However, the availability of data on deforestation is still in its infancy. Therefore, via our brand Zwitserleven and together with Cardano, we have taken steps to use up-to-date information from external partners about global deforestation trends and causes. This allows us to detect and quantify changes in vegetation due to plantation development or fire damage. The ultimate goal is to work towards a deforestation-free investment portfolio.

There is still a lack of reliable and comparable data on biodiversity impact, but we are currently contemplating a first set of targets.

3.4.6.4 Resource Use and Circular Economy

Investments

So far, there is insufficient knowledge about the impact of toxic chemical and hazardous waste pollution to the planetary boundaries and social foundations. They can have immediate impact on ecosystems and health but may also become visible only after a long period of time or in geographical areas that surpass the original polluted site. As a result, at present, it is not possible to quantify a single chemical pollution target.

Athora Netherlands, however, believes that it is essential for companies to improve their performance regarding chemical pollution and (hazardous) waste management. Athora Netherlands, therefore, aims to move towards a situation with zero waste generation in our investment portfolios. To reach this point, Athora Netherlands expects the companies in which it invests to adapt themselves towards a circular business model, i.e., a business model that prevents – if technically feasible - chemicals and (hazardous) waste problems. Athora Netherlands monitors whether companies make the necessary adaptations to their business model.

3.4.7 People

3.4.7.1 Own Workforce

It is our ambition to become the best version of ourselves, we see this as a process, something we do together. A company is not the structure, the name or the buildings we work in. It is the people together that make an organisation.

Within Athora Netherlands, we have four values (Care, Do the Right Thing, Seek Simplicity and Dare to be Different) that guide all our actions. They are central to how we treat each other, our customers and the outside world.

In 2023, the focus has been on the existing culture of Athora Netherlands. We see building on our culture as a process, a journey in which each employee is included. During July to October our journey began with team sessions with focus on our culture. Almost all teams of Athora Netherlands participated.

Based on the outcomes of these sessions and an additional discussion with the Executive Committee of Athora Netherlands, we came to a description of our desired culture.

At the end of 2023 we started a new round of team sessions. These sessions have a focus on which topics to improve, looking at the desired culture. During these sessions each team defines goals on the area of culture for 2024. Besides the continuation of team sessions, we will focus in 2024 on a specific theme each quarter and organise organisation wide activities and events to strengthen this.

Our Employees in Numbers

Proteq's number of (internal and external) employees is 18 at the end of 2023 (2022: 15). Employees of Proteq are employed by Athora Netherlands. The costs of employees appointed to Proteq are charged to Proteq by Athora Netherlands. Below, the key figures are presented of Athora Netherlands as a whole.

KEY FIGURES ATHORA NETHERLANDS HUMAN RESOURCES		
	2023	2022
Number of employees:	1,061	1,256
- of which internal	836	972
- of which external[1]	225	284
Number of FTEs:	1,057	1,251
- of which internal	847	969
- of which external	210	282
Ratio male-female	70%/30%	67%/33%
Female managers	27%	20%
Female members of senior management	32%	24%
Average length of service (years)	16.2	16.4
Average age (years)	47	47
Pay ratio (CSRD definition)	18.1	13.3
Full-time/part-time ratio	81%/19%	78%/22%
Male/female ratio full-time	76%/24%	76%/24%
Male/female ratio part-time	45%/55%	36%/64%
Ratio permanent/temporary contract	95%/5%	97%/3%
Male/female ratio permanent	68%/32%	65%/35%
Male/female ratio temporary	67%/33%	63%/37%
Training costs (million)	€ 1.2	€ 2.2
Sickness absence	4.4%	5.0%
Employee turnover	23%	29%
Percentage of employees participated in regular performance and career development reviews:		
- female employees	89%	89%
- male employees	93%	94%
Number of performance reviews in proportion to agreed number of reviews by management	92%	92%
Percentage of employees that have sworn the banker's oath	98%	94%

1 Number of external employees is based on contractual hours

Diversity and Inclusion

As part of an international parent company, we attach great value to diversity and inclusion. We strive for a culture of equality in which our employees feel comfortable expressing thoughts, reaching shared insights and developing innovative solutions, ultimately creating value for our customers and shareholders. A balanced male/female ratio within the different Athora Netherlands layers is part of this vision.

The Diversity and Inclusion policy gives substance to this vision. This policy is about how you can give space to mutual differences in the organisation and creating an open culture where everyone can feel safe, no matter where or when you were born, in what or in who you believe or who you love. It is a policy aiming for the optimal and sustainable use of the talents of all employees, taking into account their differences and similarities. Respect for every individual and their unique contribution is defined in our Code of Conduct and Diversity and Inclusion policy. We value differences and diversity, recognising that different perspectives make our organisation more colourful and better in serving our clients.

To further raise awareness within our company, a Diversity Officer was appointed in 2022. He established in 2023 a diversity committee to promote and influence important cultural change and to inspire and encourage fellow employees and management to become more involved in, and take ownership for, achieving diversity and inclusion in their teams. It is about further improving diversity & inclusion within our organisation.

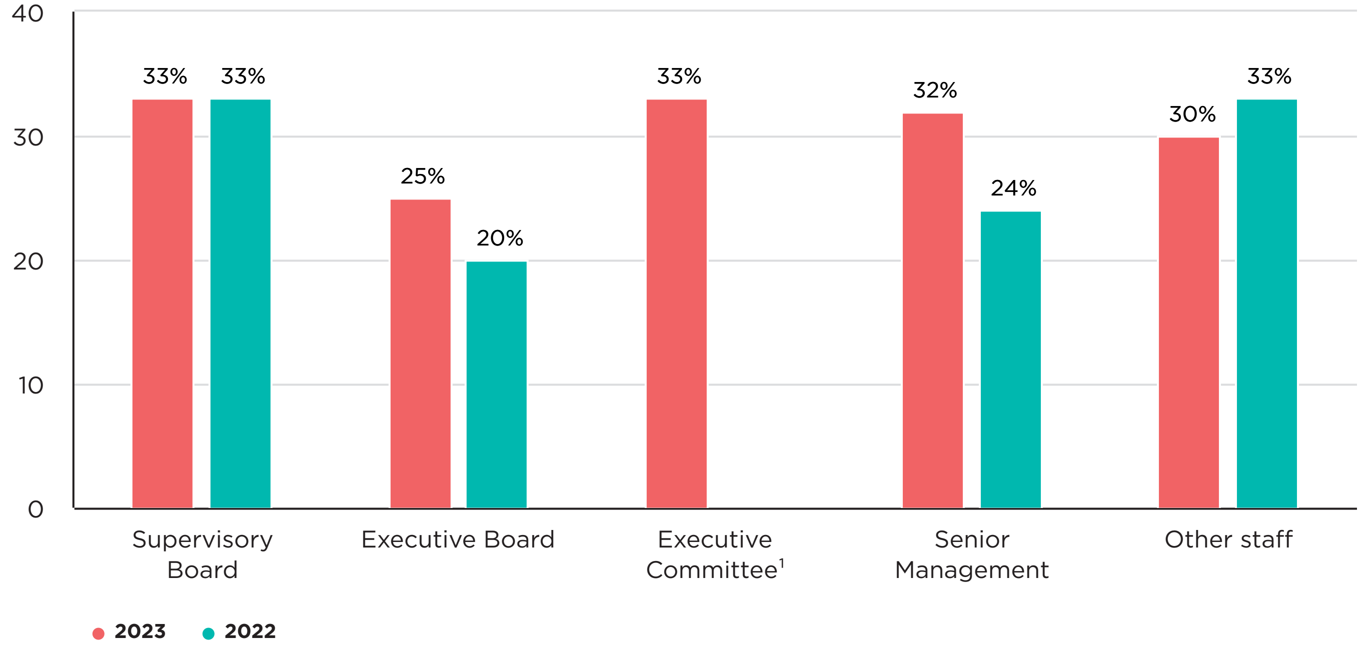
In 2023, we organised Diversity Day, the national initiative in Business of the SER for the third time: on 3 October 2023, several sessions were organised for employees to make them aware of their unconscious biases.

Other Diversity & Inclusion initiatives we organised in 2023:

- Training sessions for management about psychological safety. Almost all managers attended these sessions
- Pride Month, this month started with a broadcast organised from Athora Group. All countries shared how diversity and inclusion initiatives are handled within their unit
- Participation in discussions on diversity together with the Association of Insurers

For diversity we are not yet where we would like to be. Currently 33% are female on the Supervisory Board, in line with the forthcoming law "More balanced male/female distribution in the top of the business community". In the Executive Committee this percentage is also 33%. Especially when we look at women in management positions and the number of people with disabilities in employment, there is still considerable room for improvement. Therefore, in the coming years we are going to look at how we can further develop this theme in collaboration with the D&I working group.

GENDER DIVERSITY IN % BY FUNCTION GROUP AT THE END OF THE YEAR (FEMALE)



1 The installation of the Executive Committee became effective as per 1 January 2023.

For inclusion the employee engagement survey, conducted in October, showed that we almost achieved the Inclusion targets this year. We scored slightly higher than the benchmark Financial Services. For 2024, we are establishing a Diversity & Inclusion working group to develop a further strategy, which will include various disciplines, so that we can strengthen each other.

EMPLOYEE ENGAGEMENT SCORES 2023	
	2023
Do I fit the organisation	7.0
Within my immediate work environment, everyone is treated equally and with respect regardless of their background or personal characteristics scores	8.2
I am accepted the way I am within my immediate work scores	8.3
I can be myself around everyone I work with score	8.2
The appreciation of employees who indicate that they can be themselves	8.2

Equal Payment Policy

Within Athora Netherlands, jobs are weighed regardless of gender. Women and men with comparable work experience, achievements and job level are given equal pay. The differences in wages between women and men are caused by the on average higher age of men and to level / grade differences.

Within our company, women are on average two years younger than men and are underrepresented in the higher salary scales.

Sustainable Employability

To ensure the continuity of our business, we encourage employees to be healthy, motivated, competent and productive at work. The aim of our HR Policy is to achieve sustainable employability for all employees, based on personal development, vitality and flexible employment conditions. In 2023, we received for the third time the certification of being a Top Employer. Being certified means that as a company you put people first and allow employees to flourish because they are empowered by the best working conditions.

Personal Development

We support employees in their pursuit of sustainable employability, within or outside our organisation. As a Top Employer, we actively invest in their development. This aligns with the eighth SDG: 'Fair work and economic growth'.

Managers and employees make development and result agreements together. In order to keep up with their profession or to develop new competences. Employees have access to function-related training courses through a training platform. In addition to this, employees have access to a personal growth budget.

Develop & Accelerate Programme

Develop & Accelerate is a talent programme with a defined ambition and related goals.

The programme started in November 2021. By the end of 2023, 80 participants are official certified. Significant focus during the programme is on themes such as change management, stakeholder management and leadership.

In 2023 the Develop & Accelerate programme is redesigned on several components. This is to make the programme in 2024 accessible for all target groups.

Flexible Working Conditions

In 2023 we continued to work hybrid, because it is more efficient, with an eye for sustainability and for the well-being of all employees of Athora Netherlands.

That is why we use a hybrid concept of working: PASS.

PASS, which is an abbreviation that has several meanings: Pick a Smart Site, Pick a Smart Spot, Pick a Smart Solution. But the most important thing is that we are smarter about how we do our work, where we work and which agreements we make together in order to achieve a good result. In this way we retain the benefits of working from home and the social cohesion of working at the office. Time at the office is important for transferring knowledge, inspiring and meeting each other. This new way of working also includes suitable employment conditions such as a working abroad guidelines.

There are four PASS principles:

1. The nature of the work determines where we work;
2. Joint responsibility for contributing to the organisation and to the team;
3. Each employee is responsible for his or her own vitality and performance;
4. The principles must be practical.

We believe in ownership and responsibility where teams and individuals work out for themselves what works best for them. The team and the joint contribution to our business goals always take precedence over personal preferences. Making appointments about where and when you work is part of being a good employee/manager.

Vitality

In various ways we support employees as much as possible because health and work/life balance are more important than ever. For example, we offer Open-up to all employees, an online wellbeing platform, to help them if they want to speak to someone about their mental wellbeing. We also provide GRIP dept counselling if needed, and discount on a sports subscription through Fiscfree. In addition, employees can contact the company doctor or coach for a preventive conversation if they have concerns about their (mental) health. Through Summer School we offered workshops in the field of lifestyle and vitality.

Every employee who works from home receives a budget to set up his home workplace according to the applicable health and safety requirements. An instructional video is available to explain how to set up one's workplace correctly.

Health Safety and Well-being

In collaboration with our occupational health and safety service, we support our employees in the field of absenteeism and reintegration. This year the absenteeism rate has decreased to 4.4% (2022: 5.0%), under our target of 4.75%.

Our annual employee survey, held in October 2023, had a good response rate of 89%. It gave us insight into what is valued by our employees and where there are opportunities for improvement. The results show an improvement in almost all areas, such as Engagement and finding Athora Netherlands a pleasant organisation to work for.

Autonomy in work and Organisation climate remain our key strengths, showing satisfying scores on inclusion and psychological safety and less undesirable behaviour on the work floor.

There are still challenges to work on. The score on Engagement and Employership is not yet at benchmark level although we have set some big steps in the upwards direction. More employees experience a good workload, and we score better than the benchmark, but still one third of all employees does not.

The Executive Committee appreciated this feedback and will continue working to make improvements in 2024.

In November and December, the results were shared further in the organisation and improvement plans were drawn up at various levels combined with our culture programme.

Human Capital Risk

The impact of the ongoing transformation was closely monitored through monthly pulses in which employees indicated how they perceived the organisation. Staff turnover, the number of vacancies and inflows and outflows were on track in 2023 and, as far as established, were in line with the Operational Plan (OP).

In October 2023, the Employee engagement survey showed a good increase in a lot of areas, such as on Engagement compared to the previous 2022 Employee Survey. The Engagement score has now gone from a 6.6 to a 7.1 and the employer score from a 6.1 to a 6.6.

Although we see a good improvement on the theme Employership within Athora Netherlands, the score is still lower than the benchmark. At Employership, appreciation still scores low. Athora Netherlands needs to continue to express more their appreciation towards employees and integrate this in their culture. To prevent the risk of disengaged employees, unwanted turnover and to improve employee engagement, culture sessions with employees and managers are planned in the coming months.

The workload has improved in 2023 and is now better then benchmark scores. 36% of all employees of Athora Netherlands experienced the workload as too high or much too high. Still a theme to keep focus on in 2024. We also see that employees score higher than the benchmark on feeling fit and satisfaction with working conditions.

Within Athora Netherlands, there is no room for unacceptable behaviour, such as discrimination, abuse of power, aggression or sexual intimidation. This principle is stated in our code of conduct 'Common sense, clear conscience'. We stand for equal rights and opportunities for everyone in our organisation, which is why we signed the LGBTI Manifesto in 2018. Athora Netherlands also has an unacceptable behaviour policy, with preventive measures for unacceptable behaviour, protection for those who report such behaviour and information on how to report incidents.

Our Diversity and Inclusion policy aims to create a culture of inclusion and equality, where people feel comfortable to express their thoughts, reach shared understanding and develop innovative solutions, ultimately creating value for our customers, our shareholders and our employees.

Athora Netherlands collects and uses personal data from its customers, suppliers, business partners, employees and other individuals in the course of its business activities as an insurer and financial services provider. Lawful, honest, transparent and secure handling of personal data is essential. Privacy is not only addressed in our Code of Conduct but is also one of the integrity and compliance risk topics mentioned in the Compliance Charter. This Data Protection Risk Policy ("Policy") describes how we handle personal data, including the controls to identify, monitor and address compliance and integrity risks related to privacy, and how it will be implemented.

3.4.7.2 Workers in the Value Chain

The UN Guiding Principles on Business and Human Rights, underline the corporate responsibility to respect human rights. This responsibility, also affirmed in Principles 1 and 2 of the UN Global Compact and the OECD Guidelines for Multinational Enterprises, requires companies to avoid causing or contributing to adverse human rights impacts through their own activities, and to prevent, mitigate or remedy human rights impacts directly linked to their operations, products or services. The responsibility of companies to respect human rights refers, as a minimum, to the core internationally recognised human rights, contained in the International Bill of Rights. Depending on the circumstances, companies may need to consider additional universal human rights standards, for instance relating to the protection of the human rights of specific groups, such as indigenous peoples, women, persons with disabilities, and migrant workers and their families.

Investments

We consider violations of the international human rights mechanisms to be a violation of the Fundamental Investment Principles it adheres to. In addition, insufficiently protecting or even violating human rights, can directly lead to reputational damage and decreasing sales, creating a financial risk to investors.

For Companies

Periodically, we screen our investment universe on potential controversies of non-compliance with the Fundamental Investment Principles. Companies that do not comply with the Fundamental Investment Principles enter a three-month investigative period during which the controversies are systematically assessed. As part of this assessment, we investigate the severity, nature and number of controversies the companies are involved in as well as the actions they take to remedy the situation and prevent further violations from occurring. Based on this, the company is either:

- Excluded if systematic and large-scale non-compliance to any of the criteria proves that companies are incapable of preventing non-compliance from occurring in the future;
- Included if the violations are of incidental nature and if the company takes sufficient actions to prevent comparable incidents from happening in the future, or;
- Engaged if the company has not taken sufficient action to prevent future incidents and if engagement with the company is expected to result in the necessary behavioural improvements. During the engagement period, a dialogue is started with the company to discuss options to remedy any real or potential violations of the Principles. If after a two-year engagement period the company has taken

appropriate action and proven to prevent further structural violations of the Fundamental Investment Principles, the company will be included in the investment period. If there is not sufficient progress after this period and compliance with the Fundamental Investment Principles is not reached, the company will be excluded. This approach ensures that we only exclude companies once it becomes clear that there is no ability to persuade or encourage them to change their behaviour.

For Sovereigns

As a starting point, we will not invest in any sovereign that repeatedly or systematically fails to uphold and protect the most basic of human, civic and political rights, such as those enshrined in the 1948 Universal Declaration of Human Rights, the 1966 International Covenant on Civil and Political Rights, and the 1966 International Covenant on Economic, Social and Cultural Rights. To help determine which sovereigns are failing to meet these obligations, all sovereigns are evaluated based on the well reputed indicators from the Freedom House's Freedom in the World report, which is an annual comparative assessment of political rights and civil liberties worldwide. Sovereigns that are deemed 'Not Free' by Freedom House will be excluded from investments.

In addition, in case Freedom House indicates that a country is 'Partially Free' or if there is a conflict area in the country which is labelled as 'Not Free' or 'Partially Free', an individual country assessment is conducted. In the latter case, the following rules are applied: if a disputed territory—within the borders of one country— is invaded, threatened, occupied and/or militarised by another country, then the first country is not necessarily excluded. The affected country does not have effective control over these areas. Countries that are considered 'Free' or 'Partially Free' are excluded from investments if it is obvious that such countries have effective control over the conflicted areas.

Human Capital Management as part of our Sustainability Drivers

It is Athora Netherlands' belief that sound human capital management contributes to the quality of life of employees and the wellbeing of society, and in that way supports the long-term financial performance of companies. So far, there is no internationally agreed target on human capital management. Yet, an important component of human capital management relates to income. Quality of life for employees and society is largely determined by an income that provides decent living.

Therefore, and in line with the Sustainable Development Goals, a living wage for employees is an essential criterium when making investment decisions. Indirectly, this also contributes to improvements in human rights, labour rights and poverty alleviation. The extent to which companies report on or measure human capital differs highly. Many human capital dimensions are not quantifiable, as they concern 'soft' indicators like employee satisfaction or wellbeing. Currently, Athora Netherlands uses ESG rating data as a proxy to assess human capital materiality and human capital management performance. Other sources are the Corporate Human Rights Benchmark, Workforce Disclosure Initiative Survey, Access to Medicine, Access to Nutrition Indices, Platform Living Wage Financials, and Equileap.

Because Athora Netherlands recognises the importance of companies making it possible to offer a living wage throughout the value chain. This is particularly important in sectors where the production of goods mostly takes place in countries where legal minimum wages do not exist or are too low to meet basic needs. SRLEV has signed up as a candidate member of the Platform for Living Wage Financials (PLWF), a group of financial institutions that encourages companies to ensure a living wage in their global supply chains. This alliance ranks companies using an assessment method based on the UN Guiding Principles on Business and Human Rights. As a first step, Athora Netherlands intends to join an already active PLWF engagement with Kering.

Over time, Athora Netherlands evaluates whether developments in human capital management give reason to cover other topics or to redefine the human capital management zones. Based on this information, and especially for the dimensions that are material to a company, SRLEV assesses for each human capital dimension the extent to which the company is exposed to the risks that result from the current trends and challenges as well as how well they mitigate these risks. An assessment resulting in a high exposure and low management score means companies are more likely to fall in the at-risk category, while an assessment resulting in a low exposure and high management score means companies are more likely to fall in the adaptive zone. The dimension with the lowest score determines the category in which the company falls.

Own Operations

We screen our outsourcing partners and critical vendors against identical standards as we do for our investments (e.g., the important component of at least a minimum income necessary for a worker to meet their basic needs), and through our general procurement conditions we ensure adherence to the same UN and OECD guidelines. In 2023 we have made some additional steps to be bring our outsourcing and vendor management policies and practices fully in line with our Fundamental Investment Principles, with the aim of full consistency across all both parts of our value chain with respect to human rights, labour rights, weapons, sanctions, fraud, corruption, tax evasion, human (mental) health and animal welfare as well as environmental damage. We do this using a mix of sources, including research firms such as MSCI and Sustainalytics and a mix of our sustainability data from the own accounts investments.

3.4.7.3 Affected Communities

Own operations

We offer all employees the opportunity to devote 3 working days a year to community involvement. To encourage employees to take advantage of this opportunity, we continued our collaboration with NL Cares and entered into partnerships with other initiatives. Our new partner LEF pairs organisations with high schools to teach young adults about finance. We also partnered with DoesGoed. They pair volunteers with people or initiatives that need help. Since then, several individual, team and corporate volunteer events have been held, from teaching Dutch to new residents to coaching children at a sporting event. 2023 also marked the launch of the Athora Care Fund. Colleagues who want to raise donations as volunteers can request an additional € 500 from Athora Netherlands. During the year, several colleagues in both Amsterdam and Alkmaar cleaned the neighbourhood every two weeks.

Investments

Companies must manage social capital aspects in a sound and proper manner for their long-term financial performance and for the well-being of the communities they operate in. In absence of internationally agreed targets on social capital management, Athora Netherlands or Cardano on its behalf, contributes to working groups and initiatives to further develop targets and measures related to social capital management. For that reason, and in line with the Sustainable Development Goals, Athora Netherlands aims to invest in companies that provide transparency about how they address human and community concerns in their policies, processes and procurement. More transparency is expected to prevent issues related to product quality & safety or data & privacy security from happening.

3.4.7.4 Consumers and End-users

Fair and Transparent Service

Access to quality information, and fair and transparent service to Customers are essential for our success. We strive to earn and maintain the trust of our customers by being fair and transparent in our customer approach and by offering appropriate and simple products that add value to our customers. In doing so, we consistently apply the criteria of cost efficiency, usefulness, safety and understandability (CUSU) as prescribed by the regulator, the Dutch Authority for the Financial Markets (AFM) and further defined in Athora Netherlands Product Integrity Policy in our product design and approval processes for any new or adjusted propositions, as well as in our marketing, sales and customer service approach. This Product Approval and Review Process (PARP) is described in the Underwriting Risk Management Policy, the criteria are described in detail in the Product Oversight and Governance Policy Reference Model.

We measure our performance on development of appropriate, simple and value-added products by a set of key risk indicators (KRIs). The KRIs include the number of product approvals that resulted in an orange and/or red PARP advisory code at an earlier stage of the development process. Some decisions were made with an orange advisory score, meaning a proper risk assessment was made by the business taken into account second line advice and coming to an overall conclusion with a customer view in mind. Orange colouring is also used for stressing specific conditions under which approval is given. These specific conditions are monitored for implementation as part of the total PARP process.

We measure our performance on development of appropriate, simple and value-added products by a set of key risk indicators (KRIs). The KRIs include the number of product approvals that resulted in an orange and/or red PARP advisory code at an earlier stage of the development process. Some decisions were made with an orange advisory score, meaning a proper risk assessment was made by the business taken into account second line advice and coming to an overall conclusion with a client stakeholder view in mind. Orange colouring is also used for stressing specific conditions under which approval is given. These specific conditions are monitored for implementation as part of the total PARP process.

Another KRI is the number of changed and/or new applicable laws and regulations that have not been (fully) implemented on time or that are reported to be at risk of not being (fully) implemented on time. During 2023, we identified that the timely implementation of the new Pension Law (Wtp) was at risk, because the extensive and lengthy legislative process in Parliament was only finalised shortly before the act entered into force.

Customer-Centric Culture

Athora Netherlands actively seeks feedback from its customers through surveys, focus groups, and customer service interactions. This feedback is used to improve products, services, and the overall customer experience. We promote a customer-centric culture across the organisation. This means that all our employees are encouraged to prioritise customer needs and satisfaction in their daily activities.

Athora Netherlands strives to make its products and services accessible and available to a broad customer base. Broad and diverse customer base requires providing support for customers with disabilities, limited (financial) literacy and online skills. Athora Netherlands strives to user-friendly online platforms and invests in technology and innovation to enhance the customer experience, whether through improved online services, digital tools, or streamlined (application) processes. All products are duly documented and foreseen the factsheets according to legal requirements, including the identification of the excluded risks.

Customer Loyalty and Customer Satisfaction

We take customer loyalty and customer satisfaction very seriously. Therefore, we continuously monitor our performance in these areas. Our customer loyalty measure (Net Promoter Score) helps us understand the customers' willingness to recommend a brand to friends and family, providing a broad perspective on how customers value the overall relationship with the brand. Our Customer Satisfaction measure (Delighted Customer Score) helps us to understand how our service is perceived by our customers, identifying drivers for short-term improvement in key customer service processes.

NPS

The Net Promoter Score (NPS) is an important indicator for Customer Centricity within Athora Netherlands (and therefore within Proteq). Based on the NPS survey results, our customers can be categorised into different groups: 'Promotors', 'Passives' or 'Detractors'. NPS is measured on a continuous basis among the various customer segments (e.g., both private and business customers, and per product line). As a result, an overall score is derived and reported quarterly, in order to monitor the progress and gain insights in the areas for improvement.

In 2023, the NPS was slightly improved with the score of -30.

NET PROMOTER SCORE		
	2023	2022
Proteq	-30	-31

Customer Satisfaction

In addition to NPS, the customer satisfaction is measured among the various customer segments. These scores reflect the level of customer satisfaction on a scale from 1 to 10 (1 = extremely dissatisfied, 10 = extremely satisfied) and is expressed as the percentage of customers that value our services with an 8 or higher (so called Delighted Customers).

The Delighted Customers Score for Proteq has decreased to 45%. Overall, almost half of the customer base values their relationship with an 8 or higher in 2023.

DELIGHTED CUSTOMER SCORE		
	2023	2022
Life Service Business	45%	48%

Complaints resolution

It is our intention to promote and maintain the best possible relationship with our stakeholders and we regard it as essential to provide effective procedures for the rapid resolution of differences and disagreements. Despite our efforts, we might not always meet the expectations of our clients. If we identify that we have caused or contributed to a material negative impact on our customers, our main focus is to take action to remediate the situation and regain customer trust. We are committed to dealing with such reports promptly and fairly.

Our customer complaints management process handles complaints by recording the complaint, investigation, root cause and corrective action determination and implementation and communication with the customers. All complaints are actively monitored, evaluated and reported. At Life Service Business the AML project generated extra operational pressure resulting in increase of complaints and questions due delayed response time.

3.4.8 Business Conduct

Customer Privacy and Data Protection

Through our business operations, we record and maintain a large amount of data for a long time. We are bound to secure customer data and data about our interactions with our customers. Athora Netherlands not only needs to make sure that we serve our customers well and respect their privacy, but we also have to be able to provide evidence that over the span of our long-term relationship with our customers, we adequately perform our duty of care and fulfil all our legal requirement such as tax filings and regular Sanction List scans. With that in mind, data protection and the privacy of customer data are critical to us. Customers can trust that their personal data are safe with us. That is why we have implemented policies to protect customer data and customer privacy. The privacy statements as published on the websites of Athora Netherlands and our brands describe the categories of data we collect, the purposes of the collection of these data and how customers may access such data. Customers can contact us with requests related to their data.

We have a policy to handle data breaches to minimise possible damage to customers. The appointed Data Protection Officer is responsible for monitoring compliance with the law (e.g., GDPR). In 2023, 216 data breaches (2022: 157) were detected within our company of which 7 (2022: 10) were reported to the Dutch Data Protection Authority. In 2023, we had key risk indicators in place regarding major data breaches and data breaches reported to authorities. Various management and process controls were also in place related to privacy.

Corruption and Bribery Risks

It is Athora Netherlands' policy to conduct all business in an honest and ethical manner. This is also expressed in the zero-tolerance approach take to corruption and bribery. The prevention, detection and reporting of corruption and bribery are the responsibility of all those working for us.

Athora Netherlands endorses the following conventions and principles: UN Convention Against Corruption, 2003, OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997, OECD Guidelines for Multinational Enterprises and Principle 10 of the UN Global Compact.

Athora Netherlands has a corruption and bribery policy in place. Closely related to the corruption and bribery policy, Athora Netherlands also has a code of conduct, pre-employment screening policy, client integrity policy (AML, CFT and Sanctions regime), procurement policy, institutional conflict-of-interest policy, incident management policy and whistle-blowing policy in place. These policies describe, among others, principles to counter corruption and bribery on which Athora Netherlands must takes adequate measures.

The principles and measures as described in the policies are translated in business controls and management controls. Among others the controls are related to:

1. the due diligence of employees, third parties, closely related stake holders and clients;
2. accepting and providing of gifts, hospitality and donations;
3. financial record keeping;
4. training and awareness of employees;
5. whistleblowing and hotline incident reporting mechanisms;
6. yearly business risk analyses on corruption, bribery, conflicts of interests and client integrity.

Athora Netherlands assesses bribery, corruption and internal fraud risks systematically as part of the systematic integrity risk analysis. This analysis consists of several bribery and corruption integrity risk scenario's which are discussed in the business lines. For this risk analyses Athora Netherlands follows the guidelines of DNB. Systematic means that this is a cyclical process, which means that Athora Netherlands performs the whole cycle of identification, analysis and assessing the effectiveness of controls at regular intervals (at least yearly). The output of the systematic integrity risk analysis serves as a steering document for Athora Netherlands' management. It sets Athora Netherlands into action to take adequate measures to control integrity related risks. The output of the risk analysis also plays an important role for the Compliance Function. The Compliance Function uses the results for gap analyses, developing annual plans and testing of controls.

Athora Netherlands assessed the risks of corruption, bribery and internal fraud as low, taking into account geographical-, sector-, product- and transaction factors. Senior management (network and family related risks), procurement, account management, marketing & communication departments (third party risks) are considered the most vulnerable positions when it comes to corruption and bribery. The mitigating controls consists of (code of conduct) policies, corresponding training & awareness and (tested) process and management controls. Athora Netherlands has indicators in place to detect possible operation outside the boundaries of the risk appetite.

If a case of bribery, corruption or internal fraud occurs, it could lead to operational costs, reputation damage and damaged relations with stakeholders. Athora Netherlands has no explicit quantitative performance key risk indicators with respect to corruption, bribery and internal fraud. Athora Netherlands has however quantitative performance key risk indicators regarding employee conduct and incidents. The number of incidents related to dishonest, inappropriate and/or unprofessional behaviour (which include also internal corruption, bribery and internal fraud) were all within the corresponding key risk indicator norms. Athora Netherlands has not detected and reported any forms of corruption and bribery in 2023.

During the year risks are monitored compared to the appetite by first and second line and when necessary, mitigating measures initiated to improve the risk profile. Athora Netherlands' Integrated Control Framework (ICF) was rated satisfactory by Internal Audit and DNB confirmed mid 2023 that earlier identified findings have all been sufficiently resolved.

During the last years the organisation further improved controls (with efficiency gains) by streamlining and automating processes, which was reflected in the ICF in the increase of automated controls versus manual controls. GRC tooling was further evolved, resulting in all risk instruments now being captured herein. The Change portfolio contained a number of programs derived from the Strategic roadmap perspective and regulatory requirements. Risk Self Assessments (RSA) were consistently performed to identify inherent risks, which created the basis for actions and mitigating measures to manage the change risk. A RSA internal Fraud was conducted across Athora Netherlands with senior management and experts. Results were discussed at the ORCA and although risk is within appetite, further improvement actions were initiated to improve the risk profile.

Athora Netherlands actively promotes awareness to cyber security threats, also with its third party suppliers. DDOS and ransomware fraud attacks are increasing whereby identified vulnerabilities require immediate patch updates.

Financial Economic Crime

For a Pension- and Life insurer, the financial economic crime risks are considered to be low. The mortgage and real estate investment activities are being perceived and assessed as medium risks. As a financial institution, Athora Netherlands has the responsibility to ensure detection, reporting and prevention of unusual transactions. In Athora Netherlands' efforts to ensure compliance with applicable laws and regulations, instances of non-compliance can potentially occur. Athora Netherlands assesses product specific risks with regard to sanctions, money laundering and terrorist financing on a regular basis.

In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism. In the fourth quarter of 2023, we completed the remediation activities to address the identified shortcomings. In the course of our remediation activities some lower risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile with regard to compliance with AML/CFT legislation. For Athora Netherlands, anti-money laundering Compliance will remain a strategic priority. Therefore, Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.

We have key risk indicators in place with regard to financial economic crime such as the number of high risk classified clients and/or business partners and the number of overdue actions. We are operating within the acceptable key risk indicators norms.

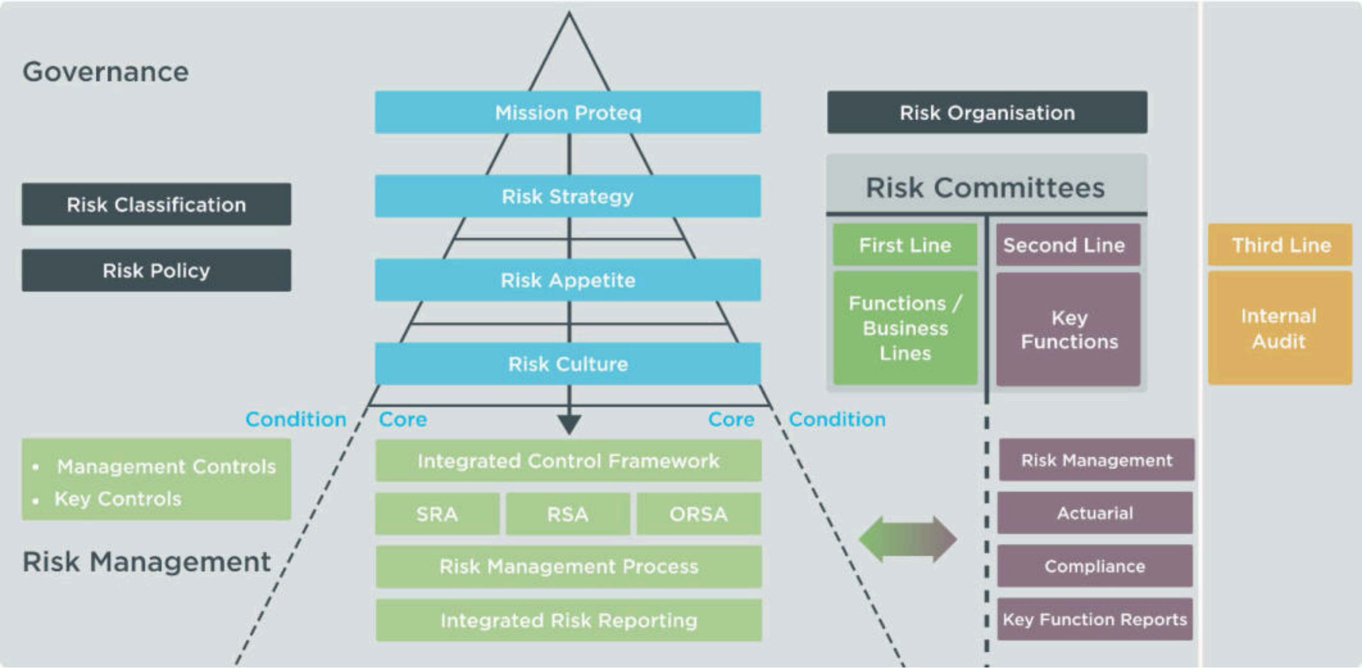
3.5 Risk and Capital Management

Risk and capital management is more extensively described in Chapter 7 'Managing Risks' in the financial statements.

Risk Management System

We have implemented a consistent and efficient risk management system in which specific Solvency II requirements such as the Key Functions and the Own Risk and Solvency Assessment (ORSA) are incorporated. It operates an integrated approach, with risk management integral part of the decision-making process.

Risk Management



The Risk Management System consists of a governance part and a risk management part. In the governance part, starting from the mission and business strategy, the Risk Strategy and Risk Appetite are derived. The components Risk Policy, Risk Taxonomy and Risk Organisation are necessary conditions to enable the strategic risk processes. To ensure an integrated approach the first line (Business Lines and Functions) and the second line Key Functions use the same risk taxonomy, operations are covered by the Risk Appetite and are aligned by a policy structure.

Risk Strategy

Proteq has derived a Risk Strategy, a supporting set of objectives following from the Proteq's mission to achieve the strategic goals. As main principles Proteq has defined a robust capital position, a sustainable operating capital generation and sound and controlled business operations. The Risk Strategy contains the key guiding principles and statements used when setting the Risk Appetite for each risk category from the risk taxonomy. Proteq guarantees future payments to its customers and therefore needs adequate reserving and a robust capital position. Proteq maintains a buffer above regulatory capital requirement to absorb temporary volatility and provide more certainty to its customers.

Risk Appetite

The Risk Appetite Statement (RAS) is divided into the Risk Appetites per risk type and the underlying Risk Tolerances. The Risk Appetite Statements are set at least annually. The risk tolerances-part contains measures for the maximum risk that Proteq is willing to accept. These measures are defined for various sub-risks for every individual legal entity or specific Business Lines or Functions and are split into risk triggers (comparable to hard limits) and risk indicators (comparable to soft limits). When implementing the strategy, the Executive Committee gives guidelines to the Business Lines for establishing Operational plans, taking into account the set Risk Tolerance in the Risk Appetite and corresponding limits on entity level. This helps the Business Lines and Functions optimise risk and return when developing the best possible products and services.

Risk Culture

Culture and conduct in general play a vital role in steering a company, and specifically in adequate risk management. Both are considered standard elements in performance evaluation meetings and in annual performance objectives. Athora Netherlands (and therefore Proteq) has awareness programmes in place that focus on how employees hold each other accountable for their conduct and how they can escalate matters if necessary. Furthermore, Proteq ensures that senior management and employees on Key Functions at all times are fit and proper to fulfil their job. Finally, the Remuneration Policy discourages taking undesired and irresponsible risks focused on short-term profit and personal gain.

Risk Organisation

Athora Netherlands (and therefore Proteq) implemented the ‘Three Lines’ control model including the Solvency II Key Functions and a risk committee governance structure. It contributes to the strengthening of the Risk Culture, taking responsibility for managing risks and internal control, and eventually to the further optimisation and integration of the risk management.

Integrated Control Framework

The Integrated Control Framework (ICF) is Proteq's internal control system and is part of its Risk Management System. The ICF forms the basis for sound and controlled operations within Proteq, measures the maturity of risk management and monitors process Key Controls and Management Controls. The improvement and optimisation of the ICF is a continuous process. Proteq's organisation develops and changes over time and the ICF continuously adapts to new situations. During the last years the organisation further improved controls (with efficiency gains) by streamlining and automating processes, which was reflected in the ICF in the increase of automated controls versus manual controls. GRC tooling was further evolved, resulting that all risk instruments are now captured herein. The Change portfolio contained a number of programs derived from the Strategic roadmap perspective and regulatory requirements. Risk Self Assessments (RSA) were consistently performed to identify inherent risks, which created the basis for actions and mitigating measures to manage the change risk.

Underwriting and Investment management

Proteq assesses underwriting risks by following the Product Approval and Review Process (PARP) for new or adjusted products and management of the existing portfolio.
Proteq mitigates underwriting risks primarily by means of diversification and reinsurance. The reinsurance programme is determined on the basis of risk assessments of the various portfolios, the size of the portfolios, the nature of the underwriting risks, the profit or loss, the risk appetite and the financial strength of the reinsurance company. As part of optimising the risk profile, Proteq has concluded an additional longevity risk transfer on a part of the individual life portfolio.

The starting point for the ALM policy is the Balance Sheet Assessment (BSA), which is drawn up annually. The BSA seeks to find an optimum between risk and return within the preconditions that apply with regard to solvency, laws and regulations. This BSA is used as a basis for defining a Strategic Asset Allocation (SAA), which is in turn used to translate specific investment activities into an investment plan and investment mandates for selected asset managers, taking into account the risk tolerances in the Risk Appetite Statements (RAS), solvency ratio, the tax position and the long-term risk exposure. When finalising the SAA, specific attention is paid to the availability of sufficient expertise in the segments in which investments are held. All investments are monitored by means of reports on performance and capital. Investments are made in accordance with the prudent person principle taking into account the interests of the policyholders. The prudent person principle is part of the ALM policy. Investments are made exclusively in assets and instruments whose risks are properly identified, measured, monitored, managed, controlled and reported, but also comply with ESG principles.

To the extent that through the double materiality assessment new financially material sustainability risks were identified (see paragraph 3.4.3) we will develop or further strengthen policies and processes for managing these risks and set or adjust appetite levels. For example, climate change risk is already included in the ORSA, but the risk of financial loss in the investment portfolio as a result of biodiversity loss or collapse of ecosystems is not yet quantified and assessed.

Developments Non-financial risks

In order to maintain a sound and controlled organisation, the associated risks were addressed, managed and monitored according to the Proteq risk management procedures. Overall, the risk levels as reported in 2023 were within appetite.

For the Athora Netherlands (and therefore Proteq) IT organisation, 2023 has been a year of a lot of changes and challenges, like the migration of WTW's PPI, new Finance systems, implementation Wtp, the move to the new Amsterdam premises and in particular outsourcing of former LSB and part of IT. In 2024 the hybrid datacenter outsourcing is a great opportunity to further improve flexibility and effectivity. IT has been continuing the work on improving the In Control Framework (ICF), for example increased automation of the IT processes. Retaining high standards of change management ensures quality and effective risk management.

Proteq actively promotes awareness to cyber security threats also with their third party suppliers. DDOS and ransomware fraud attacks are increasing whereby identified vulnerabilities require immediate patch updates. In 2023, no major incidents related to cybercrime occurred within Proteq, nor did any of our main suppliers report any. The Security Operations Center experienced an increasing number of professional and aggressive hacking and fraud attempts, including DDoS attacks. Ransomware but also supply chain attacks are becoming more frequent and sophisticated. As more services are outsourced, cybercrime does not only concern Proteq itself, but may also impact the outsourced services and data. The new Digital Operational Resilience Act (DORA) requires financial institutions to increase the level of security of their outsourcing partners to mitigate these risks. Proteq is on track to implement the DORA.

Proteq continuously updates the compact model risk overviews to maintain good insight in its model risk. Model risk was further reduced by follow-up through validations, re-validations and solving second line findings. Ongoing model assessments on reporting, (asset) valuation and pricing models, following a risk-based approach, further increased model insight and provides guidance towards lower model risk. Overall Model risk is within risk appetite.

Proteq is exposed to potential governance risks. Addressing these risks Proteq has a dedicated Institutional Conflicts-of-Interest Policy including a concrete procedure. Furthermore, Athora Netherlands started on 1 February 2023 with a pilot to test an amended scope of the Governance Protocol dated 2 July 2021. The Governance Protocol sets out a rule-based framework of interactions between Athora Netherlands and Athora Group. The Executive Committee extended, after consultation with the Supervisory Board, the period that the rules of the pilot Governance Protocol were effective. During the extension of the pilot, Athora Netherlands (and therefore Proteq) and Athora Group has continued to further work out and refine the terms of the final covenant. On 1 March 2024, the definitive principle-based framework (Covenant) entered into force and thereby replaced the rules of the (pilot) Governance Protocol. The regulator will continue to monitor and evaluate these potential governance risks as part of its ongoing supervisory activities.

Athora Netherlands (and therefore Proteq) assesses product specific risks with regard to sanctions, money laundering and terrorist financing on a regular basis. In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism. In the fourth quarter of 2023, we completed the remediation activities to address the identified shortcomings. In the course of our remediation activities some lower risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile with regard to compliance with AML/CFT legislation. For Athora Netherlands (and therefore also for Proteq), anti-money laundering Compliance will remain a strategic priority. Therefore, Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.

Capital Management

Capitalisation refers to the extent to which Proteq and its underlying legal entities have capital available to cover unforeseen losses and to achieve the strategic objectives of the company. Proteq manages its capitalisation within limits set in the Risk Appetite Statements and sets annual targets culminating in a Capital & Funding Plan. Proteq assesses its capitalisation regularly.

Proteq aims for a robust capital position, which contributes to both the confidence that clients have in the institution and access to financial markets. Proteq deems a Solvency II ratio above 175% as a normal going concern level. The objective of the Capital Policy is to ensure that there is sufficient capital to fulfil obligations towards policyholders under adverse scenarios. The second objective of the Capital Policy is to ensure capital is used as efficiently and flexibly as possible to facilitate the implementation of Proteq's strategy.

A preparatory crisis plan (as required under the Dutch insurance recovery and resolution act (*Wet herstel en afwikkeling verzekeraars)*) exists which describes the procedure that applies in a contingency situation in which a capital deficit arises, or threatens to arise, that poses a threat to the going concern of Proteq. In its Risk Appetite, Proteq has defined triggers that determine whether a contingency situation exists.

The ORSA is an integral part of Proteq's management control cycle. It is part of the input for the operational plan and capital management and is used in determining the risk appetite. The ORSA 2023 concludes that Proteq's risk profile is well reflected in the SCR standard formula and solvency is adequate.

Solvency II

Under Solvency II, the supervision of the risks to which an insurer is exposed, and the management of those risks play a central role. The financial requirements reflect the risks to which insurers are exposed to. Solvency II provides a framework for a risk-based approach to assess and mitigate risks and the overarching objective is to strengthen policyholder protection.

Proteq is subject to the Solvency II regulation and the disclosure requirement to publish public reports as required by law. Solvency II applies to the supervised insurance entity Proteq.

Proteq calculates its solvency capital requirement under Solvency II using the standard formula, applying the Volatility Adjustment (VA) measures.

When determining the Solvency II capital ratio, the loss absorbing capacity of deferred tax assets is set off against the Solvency Capital Requirement.

Managing Sensitivities of Regulatory Solvency

The solvency of Proteq is sensitive to changes in the parameters used for calculating the value of insurance liabilities. These relate to mortality risk, longevity risk, expense risk (including inflation) and surrender risk, since these insurance risks proved to have most impact on the SCR.

In addition to these insurance or underwriting risks, the other key risk is market risks predominantly driven by interest rate and (credit) spread risk. Sensitivities are performed to measure the impact of alternative scenarios such as market and interest rate movements.

Quantitative information about risks and related sensitivities for both Solvency II and IFRS have been described in Chapter 7 ‘Managing Risks’ in the financial statements.

4 CORPORATE GOVERNANCE

4.1 Shareholder

Athora Netherlands Holding Ltd. is the sole shareholder of Athora Netherlands N.V. Proteq Levensverzekeringen N.V. is a wholly owned subsidiary of Athora Netherlands N.V.

Athora Netherlands Holding Ltd. is a full subsidiary of Athora Holding Ltd.

4.2 The Executive Board and Executive Committee

The Executive Board is the statutory board of the Company. The Executive Committee consists of the members of the Executive Board and other members appointed by the Supervisory Board at the proposal of the Executive Board. The installation of the Executive Committee became effective as per 1 January 2023.

Proteq Levensverzekeringen N.V. has implemented an Executive Committee to align with the new functional model of the organisation and to support the achievement of the Ambition 2025 strategy by including two functions formerly in the CEO domain at the highest collective executive level. On 19 January 2023, Proteq announced its new Executive Committee and the appointments of Annemieke Visser-Brons as Chief Commercial Officer and Bart Remie as Chief Technology & Operations Officer to its Executive Committee.

In line with the large company regime, Proteq Levensverzekeringen N.V. is governed by a two-tier board comprising an Executive Board and a Supervisory Board. Both boards perform their duties and powers as laid down in the relevant laws and regulations, the company's articles of association and additional regulations.

The Executive Board as a whole is charged with the management of Proteq Levensverzekeringen N.V. The Executive Committee is responsible for the day-to-day management, strategy and operations of Proteq Levensverzekeringen N.V. Notwithstanding the foregoing, the Executive Board remains responsible for certain matters as specified in the Regulations of the Executive Board and Executive Committee of Proteq Levensverzekeringen N.V., which internal regulations provide rules on internal affairs of Proteq Levensverzekeringen N.V. and more specifically of the Executive Board and Executive Committee. Also, the Executive Board remains accountable for the actions and decisions of the Executive Committee and has ultimate responsibility for the management of Proteq Levensverzekeringen N.V. and reporting to the Supervisory Board and the General Meeting. The Executive Committee acts in accordance with the interests of Proteq Levensverzekeringen N.V. and its associated business, taking into account and carefully weighing the interests of all stakeholders. Certain resolutions of the Executive Board or Executive Committee require the approval of the Supervisory Board and/or General Meeting.

4.2.1 Composition, Appointment and Role

Proteq Levensverzekeringen N.V. is subject to the full large company regime under which the members of the Executive Board are appointed by the Supervisory Board. The Supervisory Board may suspend or remove a member of the Executive Board (in case of a removal, after the General Meeting has been heard).

The Executive Committee consists of the members of the Executive Board and members appointed by the Supervisory Board at the proposal of the Executive Board.

At 31 December 2023 the Executive Committee consisted of the following members:

COMPOSITION, APPOINTMENT AND ROLE			
Name	Nationality	Position	Date of appointment
J.A. (Jan) de Pooter	Dutch	Chief Executive Officer (Executive Board)	8 July 2021
A.P. (Annemarie) Mijer	Dutch	Chief Risk Officer (vice-chair) (Executive Board)	1 July 2020
E.P. (Etienne) Comon	French	Chief Capital & Investment Officer (Executive Board)	1 July 2021
J.H. (Jan-Hendrik) Erasmus	British, South African	Chief Financial Officer (Executive Board)	13 June 2022
B. (Bart) Remie	Dutch	Chief Technology & Operations Officer	12 January 2023
A.G. (Annemieke) Visser-Brons	Dutch	Chief Commercial Officer	13 January 2023

On 1 January 2023, A. (Angelo) Sacca has stepped down as Executive Board member (Chief Transformation Officer) and his responsibilities as CTO have been shared amongst the other members of the Executive Committee.

J.A. (Jan) de Pooter - Chief Executive Officer

Jan de Pooter (1969) studied business administration at the Amsterdam Academy and the VU University Amsterdam. From 2015 to 2020 he served as Chief Executive Officer (CEO) at Portuguese insurer Seguradoras Unidas (Tranquilidade). From 2005 to 2015, Mr. De Pooter held various leadership positions at Millennium bcp Ageas including Chairman of the Board of Directors. He started his career as Operations Manager at Fortis Investments Nederland.

A.P. (Annemarie) Mijer - Chief Risk Officer & Vice Chair

Annemarie Mijer (1970) holds a master's degree in Actuarial Mathematics and is a fellow of the Dutch Actuary Society. Mrs. Mijer joined from ABN AMRO where she served as Head of Central Risk Management. In 2015, she was appointed Chief Risk Officer and member of the Executive Board of Delta Lloyd Group. Prior to this, Mrs. Mijer held various executive leadership positions in ING Group and Nationale-Nederlanden. In April 2019, she was appointed as member of the Supervisory Board and Chair of the Audit Committee at Klaverblad Verzekeringen. Mrs. Mijer is a Certified Actuary of the Dutch Society of Actuaries and holds professional qualifications in Investment Analysis.

E.P. (Etienne) Comon - Chief Capital & Investment Officer

Etienne Comon (1973) holds a Ph.D. in economics from Harvard University. Mr. Comon started his career at Goldman Sachs where he held positions in corporate liability management, global structuring, and asset management. He joined Proteq in 2021. As Chief Capital & Investment Officer (CCIO) of Proteq, his areas of responsibility are capital management and planning and investments.

J.H. (Jan-Hendrik) Erasmus - Chief Financial Officer

Jan-Hendrik Erasmus (1980) holds an Executive MBA (with distinction) from London Business School (United Kingdom) and an Honours degree in Actuarial Science from the University of Pretoria (South Africa). Before joining Proteq, Mr. Erasmus was the Group Chief Risk Officer of Aviva plc, where he was responsible for the Risk, Actuarial, Compliance, Financial Crime and Regulatory Affairs functions. Prior to Aviva plc, Mr. Erasmus served as Chief Risk Officer and Member of the Management Board of NN Group. He joined NN Group from the consulting firm Oliver Wyman where he was a partner and head of the UK insurance practice. Mr. Erasmus holds both South African and British nationality.

B. (Bart) Remie – Chief Technology & Operations

Bart Remie (1981) holds a MA Public Administration & Organisational Science and a BSc Cognitive Neuroscience, both from Universiteit Utrecht. Mr. Remie has held various management positions at Athora Netherlands and its predecessor companies, lastly as General Manager Operations & IT. He started as a trainee at SNS REAAL at the time when Athora Netherlands N.V. was part of the SNS REAAL Group. Within the Executive Committee, Mr. Remie is responsible for Operations & IT.

A.G. (Annemieke) Visser-Brons – Chief Commercial Officer

Annemieke Visser-Brons (1970) studied Dutch Law at the Vrije Universiteit Amsterdam. From 2017 to 2022, Mrs. Visser-Brons was Director Pensions at Nationale-Nederlanden. At Delta Lloyd, Annemieke held several managerial positions from 2009 until 2017, including Director of Delta Lloyd Life Insurance N.V. She started her career at Aegon Netherlands. Mrs. Visser-Brons is also a member of the Supervisory Committee of Zwitserleven PPI N.V. Within the Executive Committee she is responsible for Commerce.

4.2.2 Governing Rules

With the introduction of the new Executive Committee in January 2023, the gender balance is 33% women and 67% men. From a diversity perspective, in terms of age, background and nationality, but also experience in different settings a good balance has been maintained.

For future appointments of Executive Board and Executive Committee members, Proteq will take into account all laws and regulations and its diversity in terms of gender, age, experience, nationality and background. The principle of having at least 30% women or 30% men is applied in succession planning for the Executive Board and Executive Committee, Supervisory Board and senior leadership.

As part of the continuing education programme of Proteq, the Executive Committee members participate in various education sessions. These sessions are sometimes attended together with the Supervisory Board members or with senior management of Proteq and are provided by internal and external speakers. The topics this year were sustainability, CSRD, Artificial Intelligence, Ethics and the new Dutch Pension Law (WTP).

4.3 Supervisory Board

The Supervisory Board is responsible for supervising the Executive Board and Executive Committee, the policies, management and the general affairs of the Athora Netherlands group, as well as providing advice to the Executive Board and Executive Committee. Supervision includes monitoring the company's strategy and realisation of the objectives, risk policy, integrity of business operations and compliance with laws and regulations.

The Supervisory Board may on its own initiative provide the Executive Board and Executive Committee with advice and may request any information from the Executive Committee that it deems appropriate. In performing its duties, the Supervisory Board weighs the interests of all stakeholders and acts in accordance with the interests of Proteq and the business connected with it.

Meetings of the Supervisory Board

The Supervisory Board meets on a regular basis in accordance with an annual schedule, which in practice implies two-day meetings every two months on average. Decisions of the Supervisory Board are taken by a majority of votes cast.

The Supervisory Board has drawn up internal regulations to complement the company's articles of association. Members of the Supervisory Board have declared their acceptance of these regulations and have undertaken a declaration of adherence.

Composition, Appointment and Role

The members of the Supervisory Board are appointed by the General Meeting upon nomination of the Supervisory Board. The General Meeting and the Works Council may recommend candidates for nomination to the Supervisory Board. The Supervisory Board is required to nominate one-third of the Supervisory Board members on the special right of recommendation (*'versterkt recht van aanbeveling'*) of the Works Council and one-third of the Supervisory Board members on the special right of recommendation (*'versterkt recht van aanbeveling'*) of the General Meeting, unless the Supervisory Board objects to the recommendation on certain grounds.

At 31 December 2023 the Supervisory Board consisted of the following members:

COMPOSITION, APPOINTMENT AND ROLE			
Name	Nationality	Position	Date of appointment
R.M.S.M. (Roderick) Munsters	Dutch	Chairman	8 September 2021 (chair per 1 October 2021)
J.M.A. (Hanny) Kemna	Dutch	Vice-chair	1 April 2020
M.A.E. (Michele) Bareggi	Italian	Member	1 April 2020
E. (Elisabeth) Bourqui	Swiss	Member	16 November 2021
F.G.H. (Floris) Deckers	Dutch	Member	1 April 2020
H. (Henk) Timmer	Dutch	Member	20 September 2022

R.M.S.M. (Roderick) Munsters

Roderick Munsters (1963) is chair of the Supervisory Board, chair of the Conflicts-of-Interest Committee, member of the Audit Committee and member of the Risk Committee. Mr. Munsters has gained extensive executive managerial experience at various financial institutions. From 2009 to 2015, he was Chief Executive Officer at Robeco Group. From 2005 to 2009, he was a member of the Executive Committee and Chief Investment Officer of ABP Pensioenfonds & APG All Pensions Group. From 1997 to 2005, Mr. Munsters was Managing Director and Chief Investment Officer at PGGM Pensioenfonds. In addition to his function at Proteq, Mr. Munsters is a member of the Advisory Board of the Dutch State Treasury Agency and a member of the Supervisory Board of Unibail-Rodamco-Westfield. Also, he is an independent non-executive director at BNY Mellon European Bank and Wisayah Global Investment Company. Mr. Munsters has both a Dutch and a Canadian nationality and holds a master's degree in Economics & Corporate Finance and in Financial Economics from Tilburg University.

J.M.A. (Hanny) Kemna

Hanny Kemna (1960) is vice-chair of the Supervisory Board, chair of the Remuneration and Nomination Committee, member of the Audit Committee and member of the Conflicts-of-Interest Committee. In addition to her function at Proteq, Mrs. Kemna is member of the Supervisory Board of Ziekenhuis Groep Twente and a non-executive director for ASA International. In addition, she is a member of the Audit and Risk Advisory Committee to the Board of Géant, an extraordinary member to the Board of the Dutch Court of Audit, member of the Electoral Council and member of the Supervisory Board of VvAA.

M.A.E. (Michele) Bareggi

Michele Bareggi (1973) is member of the Renumeration and Nomination Committee and member of the Risk Committee. He is chair of the Executive Board of Athora Belgium and CEO of Athora Netherlands Holding Ltd. From 2018 to September 2023, Mr. Bareggi was CEO and then President of Athora Group where he was responsible for the coordination and direction of the Athora Group subsidiaries as well as growth, sustainability, transformation and culture. Mr. Bareggi worked in the past as Managing Director at Morgan Stanley. He also held senior roles at Nomura Holdings, Lehman Brothers, JPMorgan and Credit Suisse First Boston.

E. (Elisabeth) Bourqui

Elisabeth Bourqui (1975) is chair of the Risk Committee, member of the Conflicts-of-Interest Committee and member of the Remuneration and Nomination Committee. Mrs. Bourqui has held various board and senior management positions in the pension, asset management and consulting sector including CalPERS, ABB Group and Mercer. Mrs. Bourqui is currently CEO and co-founder at PNYX Group SA, an investment advisory firm. She is also a member of the Board of Directors at Bank Vontobel, Chair and member of the Board of Directors at Helsana HealthInvest AG and Board member at the Banque Cantonale Neuchâteloise, the Louis Jeantet Foundation, the Greenbrix Investment Foundation, the Swiss-Japan Chamber of Commerce, RUAG MRO Holding and Compenswiss. Mrs. Bourqui holds a master's degree in mathematics, and a Ph.D. in financial mathematics, from the Swiss Federal Institute of Technology in Zurich.

F.G.H. (Floris) Deckers

Floris Deckers (1950) is a member of the Audit Committee and member of the Remuneration and Nomination Committee. Previously, he worked as CEO of Van Lanschot Bankiers and Senior Executive at ABN AMRO. In addition, Mr. Deckers has been chair of the Supervisory Board of Deloitte Netherlands as well as chair of the Supervisory Board of SBM Offshore. Mr. Deckers is currently a member of the Supervisory Board of Arklow Shipping Group Ireland, as well as of its Dutch subsidiary, he is Chairman at Utrecht Holdings N.V. He is a board member of the Vlerick Business School in Gent and Leuven (Belgium) and active as Board Member / Executive in a number of not-for-profit organisations.

H. (Henk) Timmer

Henk Timmer (1961) was appointed as member of the Supervisory Board in September 2022. He is chair of the Audit Committee and member of the Risk Committee and member of the Conflicts-of-Interest Committee. He has held various management and board positions in the Dutch insurance and pensions sector, amongst others he was Chief Risk Officer and member of the Board of Directors at Achmea. Henk has an educational background in economics, audit and risk management.

4.4 Report of the Supervisory Board

Functioning of the Supervisory Board

The Supervisory Board aims to have a strong representation of diversity in terms of experience, gender, age, professional and cultural background. In accordance with the regulations of the Supervisory Board, the Supervisory Board considers complementarity, collegial collaboration, independence and diversity to be conditions for a proper performance of duties by the Supervisory Board.

The gender balance in the Supervisory Board is 33% women and 67% men. There is diversity in terms of experience, age and professional and cultural background. The principle of having at least 30% women or 30% men is applied in succession planning for the Executive Board, Supervisory Board and senior leadership.

All members have confirmed the moral and ethical conduct declaration, which includes the need to make a balanced assessment of the interests of customers, shareholder, bondholders, employees and the society in which the company operates. The regulations of the Supervisory Board explicitly provide that the Supervisory Board shall take into account the interests of the company's stakeholders, such as the policy holders, the shareholder and all employees.

Self-assessment

The Supervisory Board assessed its functioning in 2023 under guidance of an external party in order to evaluate the functioning of the Supervisory Board as a whole, the functioning of the individual committees, the individual supervisory directors, the relationship with the Executive Committee and the effectiveness of continuous education. The desired profile, composition and competences of the Supervisory Board has also been discussed.

The report also states how the assessment of the Supervisory Board, the various committees and the individual members of the Supervisory Board was conducted. This evaluation found that the Supervisory Board has performed according to what can be expected, with sufficient expertise and involvement from the individual members. The Supervisory Board has played a constructive role in building the foundation for future progress at Proteq.

Continuous Education

Members of the Supervisory Board are encouraged to maintain and develop their expertise at the required standard and enhance it where necessary. It is ensured that a program of permanent education is available to the members of the Supervisory Board. This year, the Supervisory Board participated in trainings on sustainability, CSRD, Operations and IT, Artificial Intelligence, Ethics and the new Dutch Pension Law (WTP).

Important Topics and Key Discussions

The formal meetings of the Supervisory Board took place every two months (on average). Many additional meetings and conference calls were held. The attendance rate at meetings and committees is high, demonstrating the strength of the Supervisory Board's commitment. None of the Supervisory Board members were frequently absent at these meetings, meaning that there was always a valid quorum. During the formal meetings, the Supervisory Board was kept abreast of the strategy updates, capital and funding initiatives, risk appetite and commercial developments. Furthermore, the Supervisory Board was informed about the discussions and the resulting recommendations from committee meetings of the Supervisory Board.

In 2023 the Supervisory Board discussed and approved several items, such as topics related to the Business Plan, Employee Survey, Sustainability Strategy, Outsourcing and Governance Enhancements. The Supervisory Board had multiple discussions and reflection sessions on the internal governance.

The Supervisory Board has developed in 2022 in cooperation with the Executive Board a detailed plan with governance enhancements. In 2023 these enhancements on behaviour, culture and governance were implemented to further build a strong organisation capable of realising the Ambition 2025 strategy. As part of this plan in January 2023 the Executive Committee has been introduced to enhance the effectiveness of its governance.

The implementation of the Executive Committee model aligns Proteq's top governance to the new functional model of the organisation by including two key functions formerly in the domain of the Chief Executive Officer (Commerce and Operations & IT) in the achievement of the Ambition 2025 strategy on the highest collective executive level. The Executive Committee is currently composed of the members of the Executive Board and two additional non-statutory members for the Commerce and Operations & IT functions.

Athora Netherlands including Proteq started on 1 February 2023 with a pilot to test an amended scope of the Governance Protocol dated 2 July 2021. The Governance Protocol sets out a rule-based framework of interactions between Athora Netherlands and Athora Group. In September 2023, Athora Netherlands completed the evaluation of the pilot which consisted of an evaluation by Internal Audit, a reflection and assessment of the pilot by the Executive Committee and a consultation of the Supervisory Board on the initiative of the Executive Committee to move forward. The Executive Committee extended, after consultation with the Supervisory Board, the period that the rules of the pilot Governance Protocol were effective. During the extension of the pilot, Athora Netherlands and Athora Group has continued to further work out and refine the terms of the final covenant. On 1 March 2024 the definitive principle-based framework (Covenant) entered into force and thereby replaced the rules of the (pilot) Governance Protocol.

The Supervisory Board safeguarded the corporate interest and properly weighed the interest of all stakeholders involved, such as policy holders, the shareholder, employees and its bondholders. In addition, a strong focus of the Supervisory Board has been the governance framework under which Proteq operates. The Supervisory Board and the Chairman of the Supervisory Board have been in regular contact with other stakeholders such as the Dutch Central Bank (DNB) and Dutch Authority for Financial Markets (AFM) on these topics.

Cooperation with Committees

The Supervisory Board has four committees: the Audit Committee, the Risk Committee, the Remuneration and Nomination Committee and the Conflicts-of-Interest Committee. Each member of the Supervisory Board has sufficient knowledge and experience to assess the main aspects of Proteq's policy and to form an independent opinion of the basic risks. Decisions regarding risk matters and audit matters are prepared by the Risk Committee (RC) and the Audit Committee (AC), respectively. These committees have been carefully composed with at least two members of these committees having extensive knowledge of risk management / risk control and internal control / reporting, to enable them to properly supervise these subjects.

- The Audit Committee discussed the audit scope, key audit matters, the external auditor's reports and the management letter of the external auditor. The independence of the external auditor and fees were also reviewed by the Audit Committee. The Audit Committee maintains regular contact with the external auditor through meetings between the chair of the Audit Committee and the external auditor. The Audit Committee discussed the annual plan and quarterly reports of the internal audit function. Furthermore, the progress on the implementation CSRD has been discussed.
- The Risk Committee discussed the profile of the financial and non-financial risks related to the approved risk appetite. This included capital developments, operating capital generation and investment policy. The structure and operation of the risk control system was discussed, including compliance with relevant legislation and regulations. The Risk Committee noted and discussed Proteq's consultations with DNB. Furthermore, the Risk Committee discussed amongst others the credit positioning and balance sheet structure.
- The Remuneration and Nomination Committee (ReNomCo) is responsible for supporting the Supervisory Board in overseeing the design of the remuneration policy and remuneration practices, their implementation and operation, and the preparation of decisions on remuneration. The ReNomCo also provides the Supervisory Board with advice in respect of nomination matters. The ReNomCo prepared decisions on remuneration regarding the Executive Committee, Identified Staf and employees in control functions. The ReNomCo members have sufficient expertise with regard to (i) the remuneration policy and remuneration culture and the incentives created to control risk, capital and liquidity, and (ii) the nomination policy and nomination culture.
- The Conflicts-of-Interest Committee discussed decisions with regard to (possible) institutional conflicts of interest arising from the conduct of business. The meetings of the committee take place in the presence of relevant key function holders. The committee is a committee governed by the Institutional Conflicts-of-Interest Policy.

The committees met in the presence of members of the Executive Committee. The external auditors were represented by mutual agreement at meetings of the Audit Committee and Risk Committee in 2023. Both the internal auditor and external auditor reported on the quality and effectiveness of governance, internal control and risk management. Cooperation between the Supervisory Board and the committees has been positive. The meetings of the committees elaborate on various subjects, so that the decisions of the Supervisory Board can be carefully prepared. The content of the meetings of the committees is fed back to the meeting of the Supervisory Board to ensure that the Supervisory Board members are kept fully informed and are well prepared to take balanced decisions.

The Supervisory Board is pleased that on 1 March 2024 the Covenant entered into force and thereby replaces the rules of the Governance Protocol. The Covenant sets out the framework of principle-based interactions between Athora Netherlands including Proteq and Athora Group. The Supervisory Board expresses its thanks to the Executive Committee for all its efforts over the last year on this important governance enhancement. The Supervisory Board is convinced that moving forward with a principle-based way of governing the interactions between Athora Netherlands and Athora Group is the right thing to do.

The Supervisory Board appreciates the efforts made by the Executive Board and all employees in 2023 and complements them with the results achieved. We look forward to continuing our cooperation in 2024.

Amsterdam, the Netherlands, 27 March 2024
On behalf of the Supervisory Board,

Roderick Munsters, Chairman

4.5 Remuneration

Introduction

Proteq Levensverzekeringen N.V. is a full subsidiary of Athora Netherlands N.V. All employees are employed by Athora Netherlands. The Group Remuneration Policy Athora Netherlands applies to all employees working under the responsibility of Athora Netherlands. The costs of employees appointed to Proteq are charged to Proteq by Athora Netherlands. The remuneration information in this paragraph is presented on Athora Netherlands level and as far as it applies to Proteq.

The remuneration paragraph describes the principles, governance and elements of the remuneration policies (4.5.1). It also gives an overview of the payment of (variable) remuneration in 2023 (4.5.2), as well as the actual remuneration of the (former) members of the Executive Board and Supervisory Board in 2023 (4.5.3).

4.5.1 Remuneration Policies

Proteq's Vision

The purpose of Proteq is "We are a sustainable partner for life, taking care of your tomorrow". A thriving culture in which each employee can flourish and grow and a place where high performance and entrepreneurship is honoured.

As a top employer, our objective of the human resource strategy is to create an inspiring environment to attract and engage future fit employees. For us, a future proof workforce consists of a balanced population (flexible, innovative and talented). We invest in the development of our employees to achieve optimal performance. By developing the talents of our employees and focusing on our values 'Care, Dare to be different, Seek Simplicity and Do the right thing', our employees are equipped to serve our clients. In this way, we strengthen the positioning of Athora Netherlands as the sustainable pension provider in the Netherlands.

Our "Total Rewards" reflect the diversity of needs and preferences of our people and ensure they are recognised and rewarded for their contributions that drive our company forward. Our total rewards are designed to be simple and relevant, empowering our people to take control of their career growth and to be the best version of themselves. We stand for transparency, fairness, inclusion and bias-free rewards, ensuring that everyone has equal opportunity to optimise their total rewards. This enables us to attract and retain people that are passionate about our company and serving our customers.

The sustainability strategy is focused on climate, nature and people and aligned to our ambition. Also from a human resource perspective, we aim to fulfil this through offering a fair and stable work environment, improving communities and limiting our footprint. This is clearly visible in our sustainable offices, work environment and mobility policy. Across all elements of our business model, we commit to mitigating climate change and protecting and restoring nature, as well as promoting fair and equal treatment of people. We are transparent about our sustainability objectives and our progress towards those.

Proteq is aware of its position within the broader society and the crucial role of the financial sector in the Netherlands and the importance of creating trust in this sector within society. As such, Proteq 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. Proteq is operating in a very regulated industry, where the remuneration is subject to several laws, legislation and rules, set on national and European level. Many of these were initiated or made more stringent after the global financial crisis, predominantly with the aim of reducing excessive risk taking.

Group Remuneration Policy

Athora Netherlands operates a careful, controlled and sustainable Group Remuneration Policy which is in line with Athora Netherlands' business and risk management strategy, its risk profile, objectives, risk management practices and the long-term interests and its performance. The Group 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 Athora Netherlands' policies and risk appetite. The Group Remuneration Policy has been drawn up in compliance with existing legislation and regulations and takes into account the long-term interests of Athora Netherlands and its stakeholders. The Group Remuneration Policy and underlying remuneration policies are aligned with and approved by relevant corporate bodies including the Works Council and the Supervisory Board.

The Group Remuneration Policy Athora Netherlands applies to all employees working under the responsibility of Athora Netherlands and all of its subsidiaries and branch offices. The Group Remuneration Policy is published internally and on our website: www.athora.nl.

The Group Remuneration Policy Athora Netherlands contains a number of annexes, which specify specific rules on remuneration in respect of the following (groups of) employees:

i. the Executive Committee (consisting of the statutory and non-statutory members of the Board);
ii. Above-CLA employees — our senior management, being employees of Athora Netherlands and its subsidiaries and

branches who do not fall under the scope of our collective labour agreement (CLA), excluding the members of the Supervisory Board and the Executive Committee;

iii. Certain selected employees of the asset management team Investment Office.

Our Group Remuneration Policy incorporates the requirements which apply to remuneration as included in the Dutch Civil Code, Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht* or 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), as applied to Athora Netherlands and all of its subsidiaries including Proteq and branches.

Principles

Athora Netherlands', and therefore Proteq's remuneration policies are based on the following principles:

- It supports Proteq's corporate strategy, and is aligned with the mission, vision and values of Proteq;
- It is compliant with the applicable legal rules and regulations;
- It may not threaten Proteq's ability to maintain an adequate capital base;
- It takes into account the interests of all stakeholders of Proteq: customers, employees, shareholders and society;
- It is transparent, easy to understand and simple to execute;
- It is aligned with Proteq's ambition to be a socially responsible and number one pension provider in the Netherlands;
- It fits the risk profile of Proteq and of the relevant employee;
- It supports the attraction and retention of qualified employees that fit the job;
- It supports effective governance of remuneration and supervision thereof, and, where relevant, contains measures to prevent a conflicts of interest;
- It encourages high team and company performance; and
- It is gender and age neutral. Jobs are weighted based on the job criteria. Remuneration is not taking into account personal characteristics other than job experience. Women and men with comparable work experience, achievements and job level are given equal pay.

Applicability of Remuneration Policies for Executive Committee and Supervisory Board

The Executive Committee consists of four statutory members ("Executive Board") and two non-statutory members.

The members of the Executive Committee and the members of the Supervisory Board of Athora Netherlands are also the members of the Executive Committee and the members of the Supervisory Board of Proteq. Athora Netherlands' general meeting adopted the "Remuneration Policy Executive Committee" for the statutory members of the Executive Committee in 2023, after consultation with the Supervisory Board. On the recommendation of the statutory members of the Executive Committee to the Supervisory Board, this policy also applies to the non-statutory members of the Executive Committee. The Supervisory Board is responsible for the implementation and evaluation of this policy.

The remuneration for Supervisory Board members is determined by the General Meeting. The remuneration for the Supervisory Board members consists of an annual Supervisory Board fee and an additional fee for each Supervisory Board committee in which the Board member participates. The remuneration package consists of fixed remuneration only.

Increase of the compensation of the Executive Committee is only possible, after adopting a proposal of the remuneration and nomination committee (ReNomCo) by the Supervisory Board in line with the remuneration policy for the Executive Committee.

Governance

Role of the Supervisory Board

The Supervisory Board, being the internal supervisory body of Proteq, has the authority to approve our Group Remuneration Policy and shall supervise its implementation by the Executive Committee. The Group Remuneration Policy was established by the Executive Board and approved by the Supervisory Board after, insofar as applicable, fulfilment of any rights of the Works Council.

The ReNomCo is responsible for supporting the Supervisory Board in overseeing the design of the Group Remuneration Policy, remuneration practices, their implementation and operation. The ReNomCo is responsible for the preparation of decisions on remuneration, including decisions that may have consequences for the risks and risk control of Proteq which the Supervisory Board has to take.

Role of the Executive Board and the Executive Committee

The Executive Committee consists of statutory members (the Executive Board) and non-statutory members. According to the regulations, the approval of remuneration policies has been deposited by the Executive Board. The implementation, application and evaluation lie with the Executive Committee, insofar as it does not concern the Executive Committee members itself.

Role of the Working Group Remuneration

The working group remuneration (WGR) consists of the directors and/or specialists of the HR, legal, financial risk, non-financial risk, financial control and audit departments. The WGR prepares and provides advice on remuneration-related policies and procedural proposals which are subject to the decision of the Executive Committee and/or the Supervisory Board.

Control Functions

Athora Netherlands including Proteq has functions that are considered control functions. Control functions are staff members that are responsible for the control and supervision of operations as well as the risks arising from those operations. In doing so, they operate independently from the organisation. Control functions may play an active role in drafting, application 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. Where applicable, these rules are set out in the Remuneration Policies.

Identified Staff

Every year, Athora Netherlands designates members of staff as 'Identified Staff' by using the Solvency II regulation. The provisions of our Group Remuneration Policy, our CLA and any of the other Remuneration Policies apply equally to Identified Staff and staff not qualifying as Identified Staff. Exception to this is the payout of variable remuneration for Identified Staff, if applicable.

Elements of the Remuneration Policies

Total direct compensation is the total of fixed and variable remuneration, excluding benefits such as pension. Provided solid individual and business performance, we aim to provide total direct compensation levels which, on average, are at the median of the markets in which we operate, benchmarked against relevant peer groups. 97% of the employees only receive fixed remuneration. For other employees, fixed remuneration represents a high proportion of their total direct compensation.

Annual Salary

Job functions are independently evaluated. The outcome of this evaluation results in a certain salary scale for such function, which is applied to the employees in scope. The individual's annual gross salary is based on the applicable salary scale and the level of expertise, years of experience and required skills.

The regular fixed remuneration consists of a fixed annual gross salary, which includes a holiday allowance of 8% and a 13th month payment of 8.33%.

According to the CLA, once a year an employee may receive a periodic increase. This periodic increase in salary is linked to the performance of the employee and its relative salary position.

In 2023, the process regarding the annual salary increase for the Above-CLA Employees has followed the process as described above for the employees in the CLA.

Pension

Employees participate in the Collective Defined Contribution (CDC) pension scheme of Athora Netherlands, which qualifies as a defined contribution scheme for IAS 19 purposes. This scheme is based on a pension accrual with an employee contribution of 4.5%. For employees who were employed by Athora Netherlands as per 31 December 2017 and members of the Executive Committee with a salary exceeding the maximum pensionable salary for pension accrual, a compensation for the loss of pension accrual is applied. This can be used for individual pension savings. Athora Netherlands does not award or grant discretionary pension awards or other pension arrangements than set out above.

Allowances

Employees may be entitled to fixed cash allowances in line with applicable legislation and in accordance with the applicable governance framework as included in this Group Remuneration Policy. The allowances that have been granted, are often compensation for expired employment conditions (e.g. variable remuneration opportunity, pension accrual).

Performance Management

Performance management is a core business process, which links performance to remuneration. This process includes:

i. Setting and measuring KPIs, aligned with the long-term strategy and operational plan;
ii. Discussing and measuring competences with respect to the desired individual behaviour.

The performance management is aimed to promote effective and ethical behaviour and achieving sustainable results that contribute to the profitability of the organisation within the risk appetite framework approved by the Supervisory Board.

The KPIs do not give incentive and/or reward excessive risk taking and/or unwanted behaviours relating to market conduct, reputational risks, conflicts of interest, etc. More than 50% of the KPIs are related to non-financial targets. The KPIs are defined on the following levels: organisational, departmental and personal. For the Control Functions, insofar as the KPIs are used to determine any Variable Remuneration, the KPIs used shall be independent from the performance of the operational units and areas that are submitted to their control

Variable Remuneration

Only for a limited group of employees (3%) in specific functional domains (e.g., trading, investments, treasury, or asset management), the relevant corporate bodies within Athora Netherlands consider it important to offer variable remuneration to be able to recruit and retain qualified staff. The variable remuneration is allocated in such a way that it is not stimulating excessive risk taking and is within the limits of the applicable legislation. The variable remuneration is allocated based on financial and non-financial KPIs as well as performance on competences. The level of variable remuneration is maximised at 20% of the annual fixed salary in the event of stretched performance. Awarding is subject to a financial condition (knock out).

The variable remuneration for Proteq is in cash only and applicable deferral rules have been observed.

Retention & Sign-on Bonus

Athora Netherlands exercises restraint when agreeing such arrangements as retention bonus or sign-on bonus. Such arrangements may be agreed only if this is in line with the Remuneration Policies and such arrangements are approved in accordance with applicable legislation, regulations and Athora Netherlands' governance.

Other Benefits

Athora Netherlands including Proteq is committed to reduce its carbon footprint. Employees who are eligible to a lease car based on their position can choose between a 100% electric car or lease car allowance. In addition, we stimulate the use of public transport by offering all staff a public transport card for their commute.

Hold Back & Claw Back

Athora Netherlands has the power to hold back or claw back all or part of any variable remuneration awarded (in line with article 135 (6 and 8) and Book 2 of the Dutch Civil Code in connection with FMSA article 1:127 (2 and 3)) and Remuneration Policies.

Severance Payment

If and insofar a severance payment is due to an employee, such payment will be equal to the transitional fee within the meaning of article 7:673 of the Dutch Civil Code unless (i) the relevant employee can benefit from a different arrangement as explicitly agreed upon in an applicable social plan or (ii) otherwise determined at the discretion of the Executive Board or, where it relates to Above-CLA Employees or Identified Staff, the Remuneration and Nomination Committee and approved by the 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 also includes the members of the Executive Committee, may not be in excess of 100% of the fixed annual gross salary.

Athora Netherlands has a Social Plan, agreed with the trade unions, which is applicable in case of restructuring(s).

4.5.2 Overview Remuneration 2023

Fixed Remuneration

In accordance with the CLA, employees have received a periodic salary increase on 1 February 2023, insofar the maximum of the scale was not reached and a collective salary adjustment of 2.25% as of October 2023. In January 2023, every employee (including temporary workers and interns) received a one-off payment of € 250 net. This to provide some relief from the rising energy and fuel prices.

For Above-CLA Employees, these increases were also applied.

Based on performance, market comparison and indexation, the salaries of the Executive Board members were amended in 2023, in line with their applicable remuneration policy.

In 2023, three employees received a total annual remuneration exceeding € 1 million (in 2022: two employees). These employees work for Athora Netherlands N.V., SRLEV N.V. and Proteq Levensverzekeringen N.V.

Variable Remuneration

In 2023, no variable remuneration for awarding performance was paid within Proteq.

In 2023, Athora Netherlands did not use the right to apply a hold back and claw back.

Retention & Sign-on Bonus

The retention schemes offered in 2018 and 2019 due to the strategic review which led to the change of ownership of Athora Netherlands, have been awarded end of 2020 as the conditions were met. The Identified Staff in this scheme are partly paid in 2020 (60%) and are paid in three deferred annual payments up to and including 2023 (in total 40%).

In 2023, a total amount of € 2.7 million has been paid to 41 employees (2022: € 1.5 million to 40 employees) as sign-on bonus/retention bonus. This also includes employees of Proteq.

Phantom Shares Allocation

On 1 January 2023, all employees in Athora Group (Executive Committee members excluded) received conditionally 100 phantom shares to celebrate the 5th anniversary of Athora Group. Each phantom share had a cash equivalent of € 15.70 at time of the award. The phantom shares will vest on 1 July 2024. The unconditional vesting and payout will take place in accordance with the phantom share plan rules.

Pay Ratio

The Pay Ratio can be defined in two ways *(see further definition below)*:

- Corporate Governance Code: Comparison of the total annual remuneration of the CEO and the average annual remuneration of the employees, as included in the (consolidated) financial statements of Athora Netherlands on an IFRS basis;
- Corporate Sustainability Reporting Directive (CSRD) definition (reporting requirement S1-16): Comparison of the highest total annual remuneration with the median annual remuneration of all other employees.

PAY RATIO		
	2023	2022
Corporate Governance Code[1]	13.4	14.2
CSRD[2]	18.1	13.3

1 Corporate Governance: the total annual remuneration used in the pay ratio is the remuneration of the CEO as included in the actual remuneration of (former) members of the Executive Committee and disclosed in note 21 Related parties. The average annual remuneration of the employees is determined by dividing the total staff costs for the financial year as disclosed in note 31 Other Operating Expenses - Staff Costs, excluding other staff cost and the remuneration of the CEO, by the average internal number of FTEs minus one (1) FTE, the CEO, during the financial year.

2 CSRD: the total annual remuneration used in the pay ratio is the remuneration of the highest salary (CEO). This includes all taxable income, fixed and variable. This is compared to the median remuneration (all taxable income, fixed and variable) of all employees (minus CEO). Compensation was extrapolated to reflect the same amount of contractual hours (fulltime, 40 hours) of the CEO. In addition, compensation of employees that were only in service for part of the year was extrapolated to reflect a full year of service to allow for a like-for-like comparison with the CEO.

Due to a difference in comparison method (median vs average), the outcome of the Pay ratio differs. Athora Netherlands intends to solely report the Pay ratio in line with CSRD definitions as of 2024 onwards.

Gender Pay Gap

At Athora Netherlands jobs are weighted regardless of gender. Women and men with comparable work experience, achievements and job level are given equal pay. See also our Remuneration Policy Principles.

Annually Athora Netherlands analyses yearly the gender pay gap, the analysis of the existence of a possible salary gap between women and men. The differences between the salaries of women and men are calculated on the basis of the gross hourly wage, which includes besides salary, also fixed allowances, in order to exclude differences caused by the fact employees work part-time or fulltime. This gender pay gap has decreased and resulted for the year 2023 in 11.4% (2022: 17.3%), being the so-called unadjusted pay gap. If refined per salary scale the pay gap has also decreased to 1.4% (2022: 2.3%). Our remuneration policy, as mentioned above explains women and men should be given equal pay. The difference can be explained by the following factors: Women are overrepresented in positions in lower salary scales, whilst men are overrepresented in positions with higher salary scales. The average years of service of women is 15.4, this is lower compared to men with an average years of service of 16.7. Besides this, the average age of women is lower; 47.3 years versus 49.2 years for men.

4.5.3 Actual Remuneration (former) Members of the Executive Board and the Supervisory Board

The total actual remuneration in 2023 of the (former) members of the Executive Board (statutory members of the Executive Committee) is € 4,974 thousand (2022: € 7,157 thousand) and of the (former) members of the Supervisory Board is € 625 thousand (2022: € 557 thousand).

For more information about the actual remuneration of (former) members of the Executive Committee (statutory and non-statutory) and the (former) members of the Supervisory Board, reference is made to Note 11 Related parties (Intragroup balances with key management personnel of Proteq).

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5 FINANCIAL STATEMENTS

5.1 Statement of Financial Position

Before result appropriation and in € thousands	Ref.[1]	31 December 2023	31 December 2022 Restated[2]	1 January 2022 Restated[3]
Assets				
Investments	1	444,978	424,191	621,007
Derivatives	2	93,090	97,955	19,016
Deferred tax	3	23,688	23,149	5,006
Loans and advances due from banks	4	35,232	39,566	-
Corporate income tax		1,031	-	-
Other assets	5	213	701	-
Cash and cash equivalents	6	1,747	4,056	4,433
Total assets		**599,979**	**589,618**	**649,462**
Equity and liabilities				
Share capital[4]		3,178	3,178	3,178
Share premium reserve		45,121	45,121	45,121
Retained earnings		14,462	-9,987	1,632
Total shareholders' equity	7	**62,761**	**38,312**	**49,931**
Insurance contract liabilities	8	400,970	409,638	576,252
Derivatives	2	127,179	135,409	1,817
Corporate income tax		-	2,653	3,638
Amounts due to banks	9	4,153	3,150	17,702
Other liabilities	10	4,916	456	122
Total equity and liabilities		**599,979**	**589,618**	**649,462**

1 The references relate to the notes to the financial statements in Section 6.3

2 Financial Results are based on IFRS 17 'Insurance Contracts' and IFRS 9 'Financial Instruments' accounting standards, which have been adopted on 1 January 2023. Comparative figures have been adjusted to reflect the application of these new accounting standards. The total impact is a reduction of € 26,852 thousand in shareholders' equity at 31 December 2022.

3 The initial application of IFRS 17 and 9 has a total net impact of € 40,547 thousand (reduction) in shareholders' equity at 1 January 2022. This impact is due to implementation of IFRS 17. The implementation of IFRS 9 has no net impact on shareholders' equity.

4 The share capital amounts to € 15,890,000 and comprises of 35,000 ordinary shares with a nominal value of € 454 per share. Of all shares, 7,000 shares are issued and fully paid-up.

5.2 Statement of Profit or Loss

In € thousands	Ref.[1]	2023	2022 Restated[2]
Insurance revenue	14	7,944	8,282
Insurance service expenses	14	-6,160	-5,150
Net expenses from reinsurance contracts	14	-1	-2
Insurance service result	14	**1,783**	**3,130**
Result on investments	15	25,173	-130,247
Result on derivatives	16	2,872	-55,249
Total investment result	17	**28,045**	**-185,496**
Insurance finance income or expenses		-5,745	152,114
Insurance finance income and expenses	17	**-5,745**	**152,114**
Other operating expenses	18	-145	-124
Other finance result	19	-28	-25
Total other income and expenses		**-173**	**-149**
Result before tax		**23,910**	**-30,401**
Tax expense or benefit	20	540	18,782
Net result for the period		**24,450**	**-11,619**
Attributable to:			
- Shareholders		24,450	-11,619
Net result for the period		**24,450**	**-11,619**

1 The references relate to the notes to the financial statements in Section 6.3.

2 Financial Results are based on IFRS 17 and IFRS 9 accounting standards, which have been adopted on 1 January 2023. Comparative figures have been adjusted to reflect the application of these new accounting standards.

5.3 Statement of Total Comprehensive Income

STATEMENT OF OTHER COMPREHENSIVE INCOME			
In € thousands	Ref.[1]	2023	2022 Restated
OCI to be reclassified subsequently to profit or loss			
Net OCI to be reclassified to profit or loss subsequently		-	-
Other comprehensive income (net of tax)		-	-

1 The references relate to the notes to the financial statements in Section 6.3

STATEMENT OF TOTAL COMPREHENSIVE INCOME		
In € thousands	2023	2022 Restated
Net result for the period	24,450	-11,619
Other comprehensive income (net of tax)	-	-
Total comprehensive income (net of tax)	**24,450**	**-11,619**
Attributable to:		
- Shareholders	24,450	-11,619

5.4 Statement of Changes in Equity

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2023					
In € thousands	Issued share capital[1]	Share premium reserve	Fair value reserve	Retained earnings	Total shareholders' equity
Balance as at 1 January 2023	3,178	45,121	-	-9,987	38,312
Net result 2023	-	-	-	24,450	24,450
Total comprehensive income 2023	-	-	-	24,450	24,450
Total changes in equity 2023	-	-	-	24,450	24,450
Balance as at 31 December 2023	3,178	45,121	-	14,462	62,761

1 The share capital amounts to € 15,890,000 and comprises of 35,000 ordinary shares with a nominal value of € 454 per share. Of all shares, 7,000 shares are issued and fully paid-up.

The Executive Board proposes to the General Meeting of Shareholders to distribute no dividends on ordinary shares for 2023.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2022 RESTATED					
In € thousands	Issued share capital	Share premium reserve	Fair value reserve	Retained earnings	Total shareholders' equity
Balance as at 1 January 2022	3,178	45,121	3,719	38,460	90,478
Impact of initial application of IFRS 17	-	-	99,661	-140,208	-40,547
Impact of initial application of IFRS 9	-	-	-103,380	103,380	-
Restated Balance as at 1 January 2022	3,178	45,121	-	1,632	49,931
Net result 2022	-	-	-	-11,619	-11,619
Total comprehensive income 2022	-	-	-	-11,619	-11,619
Total changes in equity 2022	-	-	-	-11,619	-11,619
Balance as at 31 December 2022	3,178	45,121	-	-9,987	38,312

STATEMENT OF CHANGES IN FAIR VALUE RESERVE		
In € thousands	2023	2022 Restated
Balance as at 1 January	-	3,719
Impact of initial application of IFRS 17	-	99,661
Impact of initial application of IFRS 9	-	-103,380
Restated Balance as at 1 January	-	-
Total changes in equity	-	-
Balance as at 31 December	-	-

5.5 Cash Flow Statement

The table below represents the cash flows from continued operations.

In € thousands	2023	2022 Restated
Cash flow from operating activities		
Result before tax from continued operations	23,910	-30,401
Result before tax	**23,910**	**-30,401**
Adjustments for non-cash items included in profit before tax:		
Unrealised results on investments through profit or loss	-80,198	191,150
Taxes		
Taxes paid / received	-	-
Change in operating assets and liabilities:		
Change in amounts due from banks	4,333	-39,566
Change in amounts due to banks	1,003	-14,552
Change in investments	78,990	3,864
Change in derivatives	464	351
Sale and redemption of investments and derivatives	288,649	269,637
Purchase of investments and derivatives	-312,056	-213,532
Change in other assets	488	-409
Change in insurance and reinsurance contracts (held) assets and liabilities	-8,668	-166,614
Change in other liabilities	776	-305
Net cash flow from operating activities	**-2,309**	**-377**
Cash flow from investment activities		
Net cash flow from investment activities	**-**	**-**
Cash flow from finance activities		
Net cash flow from financing activities	**-**	**-**
Net increase in cash and cash equivalents	**-2,309**	**-377**
Cash and cash equivalents 1 January	4,056	4,433
Cash and cash equivalents as at 31 December	**1,747**	**4,056**
Additional disclosure with regard to cash flows from operating activities:		
Interest income received	34,056	12,203
Dividends received	850	-
Interest paid	24,750	3,769

6 NOTES TO THE FINANCIAL STATEMENTS

6.1 Accounting Policies for the Financial Statements

6.1.1 General Information

Proteq Levensverzekering N.V., incorporated and established in the Netherlands, is a public limited liability company incorporated under the laws of the Netherlands. Proteq Levensverzekering N.V. is a wholly owned subsidiary of Athora Netherlands N.V. with a registered office at Amstelveen, the Netherlands and Athora Netherlands N.V. is a wholly owned subsidiary of Athora Netherlands Holding Ltd. with a registered office in Dublin, Ireland, whose ultimate parent is Athora Holding Ltd. domiciled in Bermuda.

Proteq Levensverzekering N.V. has its registered office located in Alkmaar, the Netherlands and has its principal place of business located at Kruseman van Eltenweg 1, 1817 BC Alkmaar, the Netherlands. The registration number at the Dutch Chamber of Commerce Trade is no. 37056151. Proteq Levensverzekering N.V. is a provider of individual life insurance products.

In the financial statements within this annual report the name 'Proteq' is used.

The key accounting policies and the changes herein used in the preparation of the financial statements are set out in this section.

Adoption of the Financial Statements

The financial statements of Proteq for the year ended on 31 December 2023 were authorised for publication by the Executive Board following the approval by the Supervisory Board on 27 March 2024. The financial statements will be submitted to the General Meeting of Shareholders for adoption.

6.1.2 Basis of Preparation

Statement of IFRS Compliance

Pursuant to the option offered in article 2:362(8) of the Dutch Civil Code, Proteq prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

In the first quarter of 2024 the Executive Board of Proteq decided to prepare the merger of Proteq with its affiliate SRLEV N.V pursuant to book 2 title 7 of the Dutch civil code as per 30 June 2024 with retrospective effect from a legal perspective as per 1 January 2024. This intended decision, that was approved by the Supervisory Board, is officially published in several newspapers on 8 March 2024. As part of a common control transaction, SRLEV N.V. will acquire all assets and liabilities of Proteq by universal succession of title and Proteq will cease to exist. It is the intention that these activities will be continued by SRLEV N.V. Proteq expects that it will be able to meet all its current and future obligations.

Relevant New standards, Amended Standards and Interpretations of Existing Standards Effective as of 2023

New or amended standards become effective on the date specified in the relevant IFRS, but may allow early adoption. New or amended standards that become effective in 2023 and that are relevant to Proteq are disclosed below.

Impact of IFRS 17 and IFRS 9

Since Proteq is predominantly an insurance company, both financial instruments and liabilities arising from insurance contracts are significant items in its financial statements. Therefore, the introduction of IFRS 17 and IFRS 9 has a substantial impact not only on amounts recognised in Proteq's financial statements but also on governance, systems and data requirements.

In order to properly implement IFRS 17 and IFRS 9 on time, a program governance structure was put in place to address this. The design and the build phases of IFRS 17 and IFRS 9 framework with designated team of experts have been finalised and is fully operational.

Proteq has changed its accounting policies as a result of adopting IFRS 9 'Financial Instruments' and IFRS 17 'Insurance Contracts'. The impact of the adoption of IFRS 9 is disclosed below in section 'IFRS 9 Financial instruments – Impact of first-time adoption of IFRS 9' and the impact of IFRS 17 is disclosed in section 'IFRS 17 Insurance Contracts'.

Other Standards, Amendments and Interpretations

The following other standards, amendments and interpretations became effective on or after 1 January 2023:
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current: no changes in liabilities' classification as a result of the amendment;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2): no impact on amounts recognised in Proteq's financial statements, only small adjustments in accounting policies disclosed;
- Definition of Accounting Estimates (Amendments to IAS 8): due to the clarifying character of the amendment no significant impact on the amounts recognised in Proteq's financial statements; and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12): due to the narrow scope of the amendment there is no significant impact on the amounts recognised in Proteq's financial statements.

Pillar Two income tax

A global minimum level of taxation (Pillar Two) is part of the OECD agreement on the reform of the international tax system, to which 138 countries have signed up. The European Commission proposed a directive on implementing this minimum level of taxation in the EU. EU member states reached unanimous agreement on this proposal on 15 December 2022. Member States are obligated to implement the directive in their national legislation by 31 December 2023. The Dutch Minimum Tax Rate Act 2024, enacted per 31 December 2023, is the Dutch implementation of this EU directive, ensures that multinational groups and domestic groups with an annual revenue of € 750 million or more pay income tax on their profits at an effective rate of at least 15%.

Athora Netherlands, including Proteq, has applied the mandatory exception to recognise and disclose information about deferred tax assets and liabilities arising from Pillar Two income taxes. Furthermore, Athora Netherlands has reviewed its corporate structure in light of the introduction of Pillar Two Model rules in various jurisdictions. Since the Group's effective tax rate is well above 15% in all jurisdictions in which it operates, it is expected that Athora Netherlands is not subjected to Pillar Two "top-up" taxes under the 'final' Pillar II rules.

For a transitional period, the Pillar II legislation provides safe harbour rules, which will be applied by Athora Netherlands and its subsidiaries. In the meanwhile, Athora Netherlands will prepare for implementation of the complete set of rules under Pillar II. Based on a quantitative inquiry performed with respect to the 2023 figures of Athora Netherlands and its Dutch and foreign subsidiaries, it is it is expected that the Safe Harbour Rules provide for relief and as such the effective tax rate should be well above the threshold of 15% under that specific set of rules for all the regarded entities for 2024 and further.

Relevant New Standards, Amended Standards and Interpretations of Existing Standards Effective Date on or after January 2024

Relevant new standards, amendments to existing standards and interpretations, effective for reporting periods beginning on or after 1 January 2024, were not early adopted by Proteq. New or amended standards that become effective on or after 1 January 2024 and that are relevant to Proteq are disclosed below.

Application of minor amendments applicable subsequent to the year ended 31 December 2023

The following pronouncements are not applicable for the year ended 31 December 2023 and have not been applied in preparing these financial statements. The impact of these amendments is being assessed by Proteq and are deemed not likely to be material.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Published by the International Accounting Standards Board (IASB) in January 2020 and October 2022, the amendments clarify requirements in IAS 1 for the presentation of liabilities in the statement of financial position and improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Amendments to IFRS 16, Leases: Lease Liability in a Sale and Leaseback

Published by the IASB in September 2022, the amendments introduce specific subsequent measurement requirements for sale and leaseback transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 7, Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures: Supplier Finance Arrangements

Published by the IASB in May 2023, the amendments introduce specific disclosure requirements relating to the effects of supplier finance arrangements on the entity's liabilities, cash flows and its exposure to liquidity risk.

Changes in Policies, Presentation and Estimates

Changes in Policies

IFRS 9 Financial Instruments (including Amendments)

IFRS 9, the standard on financial instruments has an effective date of 1 January 2018. IFRS 9 replaces the IAS 39 standard 'Financial Instruments: Recognition and Measurement' and includes new requirements for the recognition and measurement of financial assets and liabilities, a new forward-looking model for the recognition of impairment losses and a new regulation in order to better align hedge accounting with economic reality and risk management. However, Proteq elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9. IFRS 9 has now become effective as of 1 January 2023, together with the effective date of IFRS 17.

Proteq applies IFRS 9 for the first time on 1 January 2023. The comparative period has been restated and the IFRS 17 classification overlay approach for IFRS 9 has been applied. IFRS 9 does not apply to financial assets that have already been derecognised before 1 January 2023. By applying the classification overlay of IFRS 17 to these derecognised items, Proteq presents the comparative information of the financial assets derecognised in 2022, as if the classification and measurement including impairment requirements of IFRS 9 had been applied to such assets, by using reasonable and supportable information to determine how they would be classified and measured on initial application of IFRS 9.

The following assessments have been made at the date of initial application of IFRS 9:
- Assessment of the business model(s) in which a financial asset is held; Proteq holds financial assets in the 'Hold-to-collect' and 'Other' Business models.
- Applied the Solely Payments of Principal and Interest test for the 'Hold-to-collect' Business Models
- Implemented the Expected Credit Losses (ECL) for the 'Hold-to-collect' Business Models
- For savings mortgages Proteq applied the fair value option to designate it at FVTPL to prevent an accounting mismatch with the related insurance liabilities.
- A simplified ECL approach for trade receivables and lease receivables
- The loan commitments measurement has been designated to FVTPL
- New disclosure requirements

IFRS 9 Business Models

A business model refers to how an entity manages its financial assets in order to generate cash flows. It is determined at a level that reflects how groups of financial assets are managed rather than at an instrument level. IFRS 9 identifies three types of business models: 'hold to collect', 'hold to collect and sell' and 'other'.

In order to determine which type of business model(s) an entity applies, it is necessary to understand the objectives of each business model and the activities undertaken. In doing so, Proteq has considered all relevant information including, for example, how business performance is reported to the entity's key management personnel and how managers of the business are compensated. The vast majority of the financial instruments are included in the Business Model "other' as they are managed on a fair value basis.

Accrued Interest

The accrued interest in the balance sheet for financial assets and liabilities have been reclassified from 'Other assets' and 'Other liabilities' to the corresponding classification of the host contract. The comparatives have been adjusted accordingly.

Financial Liabilities

The measurement of the financial liabilities has not changed.

Impairments

IFRS 9 introduced the requirement to recognise Expected Credit Loss (ECL) for financial assets not measured at FVTPL. These requirements have been applied, where applicable. As most financial assets are measured at FVTPL the impact is limited for Proteq.

Equity Investments

The equity investments will be measured at FVTPL mandatory in accordance with IFRS 9 as Proteq does not apply the option to present subsequent changes in the fair value in other comprehensive income. Under IAS 39 it was measured at FVOCI (Available for Sale).

Impact of Adoption to IFRS 9 'Financial instruments'

The following tables reconciles the carrying amounts of financial instruments under IAS 39 to the carrying amounts of IFRS 9 on 1 January 2022 and on 1 January 2023.

RECONCILIATION TRANSITION IAS 39 TO IFRS 9 AT 1 JANUARY 2022						
In € thousands	Measurement IAS 39	Carrying amount IAS 39	Reclas-sification	Remea-surement	Carrying amount IFRS 9	Measurement IFRS 9
Investments						
Bonds	AFS	598,289	-598,289	-	-	
Bonds		-	598,289	-	598,289	FVTPL mandatory
Shares and similar investments	AFS	22,707	-22,707	-	-	
Shares and similar investments		-	22,707	-	22,707	FVTPL mandatory
Other private loans	AC	11	-11	-	-	
Other private loans		-	11	-	11	FVTPL mandatory
Total investments		621,007	-	-	621,007	
Carrying amount assets reclassified		621,007	-	-	621,007	

IMPACT ON EQUITY OF ADOPTION OF IFRS 9 AS AT 1 JANUARY 2022				
In € thousands	Carrying amount IAS 39	Reclas-sification	Remea-surement	Carrying amount IFRS 9
Equity				
Revaluation reserves available for sale	103,380	-103,380	-	-
First time adjustments IFRS 9	-	103,380	-	**103,380**
Change in equity - Impact of IFRS 9	**103,380**	**-**	**-**	**103,380**

RECONCILIATION TRANSITION IAS 39 TO IFRS 9 AT 1 JANUARY 2023						
In € thousands	Measurement IAS 39	Carrying amount IAS 39	Reclas-sification	Remea-surement	Carrying amount IFRS 9	Measurement IFRS 9
Investments						
Bonds	AFS	391,888	-391,888	-	**-**	
Bonds		-	391,888	-	**391,888**	FVTPL mandatory
Shares and similar investments	AFS	32,291	-32,291	-	**-**	
Shares and similar investments		-	32,291	-	**32,291**	FVTPL mandatory
Other private loans	AC	12	-12	-	**-**	
Other private loans		-	12	-	**12**	FVTPL mandatory
Total investments		**424,191**	**-**	**-**	**424,191**	
Loans and advances due from banks						
Collateral	AC	39,566	-	-	**39,566**	AC
Total Loans and Advances due from Banks		**39,566**	**-**	**-**	**39,566**	
Carrying amount assets reclassified		**463,757**	**-**	**-**	**463,757**	

IMPACT ON EQUITY OF ADOPTION OF IFRS 9 AS AT 1 JANUARY 2023				
In € thousands	Carrying amount IAS 39	Reclas-sification	Remea-surement	Carrying amount IFRS 9
Equity				
Revaluation reserves available for sale	-328	328	-	-
First time adjustments IFRS 9	-	-328	-	**-328**
Change in equity - Impact of IFRS 9	**-328**	**-**	**-**	**-328**

As a result of the combined application of the business model analysis and the Solely Payments of Principal and Interest (SPPI) test, the classification and measurement of the following portfolios have been changed:

a. Bonds and Shares and similar investments have been reclassified from AFS to FVTPL Mandatory, based on the IFRS 9 Business model 'other'.
b. Other private loans have been reclassified from AC to FVTPL Mandatory, based on the IFRS 9 Business model 'other' and were remeasured to fair value.
c. The AC interest has been reclassified to the line item of the host contract.
d. The AFS revaluation reserve and has been reclassified within in Equity and the remeasurement to fair value of items previously not measured at fair value has been included in equity, after deduction of the tax related impact.

Cash and Cash Equivalents, Other Assets, Subordinated liabilities and Borrowings have not been reclassified and continue to be measured at amortised cost.

The accounting policies on the classification of financial instruments under IFRS 9 are set out in the accounting policies in paragraph 6.1.3 General Accounting Policies.

IFRS 17 Insurance Contracts

IFRS 17 Insurance contracts was issued by the IASB in May 2017 and revised in June 2020. The new comprehensive standard on insurance contracts covers recognition, measurement, presentation and disclosure. IFRS 17 'Insurance contracts' replaces IFRS 4 'Insurance contracts' for annual reporting periods beginning on or after 1 January 2023.

IFRS 4 allowed insurers to continue their previous local accounting policies. IFRS 17 provides the measurement model for the measurement of insurance contracts (GMM), supplemented by the variable fee approach for contracts with direct participation features (VFA) and the premium allocation approach (PAA) mainly for short duration (non-life) insurance contracts.

The GMM is the default approach. The VFA is an adjusted version of the GMM applied for contracts with direct participation features. This approach is for contracts where substantially investment-related services are provided. Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception (or transition date for the policies in force at the transition date):

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items,
- Proteq expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items, and
- Proteq expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All insurance contracts and reinsurance contracts held are classified as contracts without direct participation features. The GMM, is used for the measurement of these contracts. Proteq does not measure any of the contracts applying the VFA or PAA.

The main features of the new measurement approach for insurance contracts comprise:

- Measurement of insurance liabilities is based on the present value of probability weighted future cash flows to fulfil the contract, increased with a risk adjustment to reflect uncertainties in these cash flows.
- Identifies insurance contracts as those under which Proteq accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services (if any) from insurance contracts and accounts for them in accordance with other standards.
- Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into cohorts based on the issue date (not grouping contracts issued more than 12 months apart in the same group) and each cohort into three groups based on the profitability of contracts:
  - any contracts that are onerous on initial recognition;
  - any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
  - any remaining contracts in the annual cohort.
- Recognises and measures groups of insurance contracts at the fulfilment cash flows plus the contractual service margin.
- A Contractual Service Margin (CSM) which represents the unearned profitability for the group of insurance contracts and that is recognised in profit or loss as insurance services are provided over the coverage period of the contract. If the fulfilment cash flows lead to a negative contractual service margin at inception it will be zero and the corresponding loss will be recorded immediately in the statement of profit or loss.
- If insurance contracts are expected to be onerous (i.e., loss-making) at initial recognition or the group of contracts become onerous on subsequent measurement, the loss is recognised immediately in the profit or loss, and presented in the balance sheet as a loss component. The loss component is released to the statement of profit or loss over the coverage period, to offset the actual loss being incurred. The loss recovery component is released over the coverage period into profit or loss, to offset the actual loss recovery being received.
- The recognition of insurance revenue and insurance service expenses in profit or loss is based on the concept of services provided during the period. Insurance services results (earned revenue less incurred claims) are

presented separately from the insurance finance income and expenses. Expenses from insurance related services comprise incurred claims, excluding repayments of investment components, other incurred service expenses, changes that relate to past services and losses on onerous contracts and reversal of such losses.
- An asset for insurance acquisition cash flows is recognised for cash flows paid or incurred for the cost of selling, underwriting and starting of a group of insurance contracts, before the group of contracts is recognised. The asset is derecognised when the insurance acquisition cash flows are included in the measurement of the group of insurance contracts.
- The standard allows an optional choice for the effects of changes in discount rates to be reported in either profit or loss or other comprehensive income. Proteq chose not to report discount changes in other comprehensive income. Also, the standard allows an accounting policy choice to disaggregate the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. Proteq chose not to make such a disaggregation, it shall include the entire change in the risk adjustment for non-financial risk as part of the insurance service result with the effects of changes that relate to future services adjusting the CSM.
- Extensive disclosures to provide information on the recognised amounts and the nature and extent of risks arising from these contracts.

Changes in accounting policies resulting from the adoption of IFRS 17 have to be applied retrospectively to the extent practicable.

In the accounting policies of the 2022 financial statements Proteq applied the following main IFRS 4 principles:
- Measurement of life insurance liabilities is in principle based on historical tariff rates set at the inception date of the underlying contracts. A periodic IFRS liability adequacy test is performed on these liabilities. Since there was a deficit in the liability adequacy test (LAT) at the end of 2021 and 2022, the insurance liabilities were measured at the probability weighted best estimate of future cash flows based on current assumptions discounted by the swap curve including Ultimate Forward Rate (UFR).
- Premium income is recognised as income when payment by the policyholder falls due. Interest rate discounts are included in gross premium income and charged to technical claims and benefits during the amortisation period.
- Reinsurance premiums are charged to the statement of profit or loss in proportion to the contract period.
- Shadow accounting was applied which meant that unrealised gains or losses on assets backing certain liabilities are treated similar to realised gains and losses for the purpose of measuring insurance liabilities.
- Receivables and payables relating to insurance contracts were presented under other assets and other liabilities.
- Deferred acquisition costs were recognised as assets and were amortised in the profit and loss over time.

Transition

Proteq has assessed that it is impracticable to apply the Full Retrospective Approach (FRA) to all the groups of insurance contracts at the transition date (i.e., 1 January 2022). Instead, Proteq has chosen to apply the Fair Value Approach (FVA) for all groups of contracts, because obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort.

The full retrospective approach was considered impracticable for the insurance and reinsurance contracts. The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons.

Proteq has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item, in line with the exemption provided by IFRS 17. The effect of adopting IFRS 17 on the financial statements at 1 January 2022 is presented in the statement of changes in equity.

Fair value approach

Proteq applied the fair value approach on transition for all group of contracts. For the application of the fair value Proteq has used reasonable and supportable information available at transition date in order to identify groups of insurance contracts and determine whether any contract are direct participating insurance contracts. In determining the fair value, Proteq has applied the requirements of IFRS 13 *Fair Value Measurement* without taking into account the effect of demand features.

The CSM of the liability for remaining coverage at the transition date, is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. The fulfilment cash flows comprise unbiased and probably weighted estimate of future cash flows, discounted to present value to reflect time value of money and financial risk, plus a risk adjustment for non-financial risk. The discount rate at 1 January 2022 is used. Proteq determined the discount rates using the top-down approach at inception.

Proteq approach to measure the fair value differs from the IFRS 17 requirements for measuring fulfilment cash flows in certain respects. The measurement of the fair value is consistent with the methodology that is applied within Athora Group for the fair valuation of acquired assets and liabilities that constitute a business. This methodology gives consideration to the market perspective of the valuation amongst others the regulatory drag and the risk of non-performance by Proteq. These differences gave rise to a CSM at the date of transition. In particular in measuring fair value Proteq:

- Considers the cash flows in the measurement of fulfilment cash flows but adjust them to reflect the perspective of mark participant that includes all cost needed for running the business, that are direct attributable to fulfilling a specific insurance contracts;
- Considers the discount rate applied in measuring fulfilment cash flows but differs in certain aspects:
    - Risk free yield curve is constructed on a similar way as the risk-free yield curve of the fulfilment cash flows but spreads are added for the full length of the curve. The spreads that are used as an input for the discount rate are based on Athora Group Universe;
    - The UFR is not used;
    - An adjustment is made for the risk of non-performance of the company.
- Includes a mark-up for cost of capital (COC) to reflect hat market participants would demand as a compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would require to assume the obligations to service the insurance contract. This COC is substantially higher than the risk premium of 4% that is used for the measurement of insurance fulfilment cash flows at transition. The COC allows for certain risks, amongst others the general operational risk and the regulatory drag that are not reflected in the fulfilment cash flows but are considered by market participants.

Proteq applied the following assessments allowed under the FVA:

- Insurance contracts issued more than one year apart are included in the same group of insurance contracts as Proteq did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year;
- Insurance contracts were considered not to be onerous at that date. Therefore, also for reinsurance contracts covering the underlying insurance contracts, no loss recovery component was determined;
- An asset for insurance acquisition cash flows was recognised only in relation to future insurance contracts, not for insurance contracts in place at transition date;
- the allocation of insurance contracts to groups of insurance contracts was performed at the transition date instead of the date of inception or initial recognition;
- assessed if the insurance contracts meet the requirements to be considered for direct participating insurance contracts based on the facts and circumstances that existed at the transition date instead of the date of inception or initial recognition.

Proteq has elected not to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income as it has opted for the recognition of all insurance finance income or expenses in profit or loss.

For further details on reporting policies see chapter 6.1.4 Accounting Policies for the Statement of Financial Position and 6.1.5 Accounting Policies for the Statement of Profit or Loss.

Changes in Presentation

The current presentation differs from last year's presentation in some aspects. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format, including related disclosures, to ensure comparability.

Changes in Estimates

The effects of significant changes in estimates are disclosed in the notes to the financial statements relating to the items concerned. The most significant changes in estimates concern the following items:

- Deferred tax (refer to Note 3 'Deferred Taxes')
- Insurance liabilities (refer to Note 8 'Insurance Contract Liabilities').
- Measurement of the fair value categorised as level 3 (refer to Note 21.3 Hierarchy in Determining the Fair Value of Financial Instruments).

Accounting Options related to the Presentation of Accounting Mismatches related to Investment Results and Insurance Finance Income or Expense

IFRS 17 allows several presentation and accounting options to mitigate accounting mismatches between result on investments and insurance finance income or expense. The risk mitigation option, the other comprehensive income option for insurance finance income or expense (IFIE) and the disaggregation of financial risk changes of the risk adjustment.

Proteq does not apply the risk mitigation option, which allows for mitigation of an accounting mismatch between the presentation of the impact of financial risks on underlying instruments versus the impact of financial risks on the related insurance products. It does not impact economic reality for either the investment portfolios or for the insurance portfolios, it does however limit the choice of instruments as well as the risk mitigation is limited to a specific type of portfolio. Proteq investment policies are based on economics for all investments and insurance contracts are based on the combined financial risks for the total portfolio, avoiding the requirement to separate risk mitigating instruments to certain types of instrument or types of insurance portfolio to mitigate an accounting mismatch with no economic mitigating effect.

Proteq does not apply the option that IFRS 17 allows to present part of IFIE either in the statement of profit or loss or in other comprehensive income to avoid an accounting mismatch between the presentation of result on investments volatility versus IFIE volatility. Economic volatility is not impacted by applying this option. Proteq policy is directed at limiting volatility due to economic mismatches, not any accounting mismatches.

Proteq presents the effect of financial risk impact on the risk adjustment in insurance service result, not in IFIE.

IFRS 17 and IFRS 9, Impact on Shareholders Equity at Transition Date

The adoption of IFRS 17 and IFRS 9 per 1 January requires restatement of comparative figures, leading to a transition date of 1 January 2022. Proteq has calculated the impact that the initial application of IFRS 17 and IFRS 9 has had on its financial statements. The total net impact is a reduction in shareholders' equity of € 40,547 thousand at 1 January 2022. This impact is due to implementation of IFRS 17. The implementation of IFRS 9 has no impact on shareholders' equity, because the impact of the initial application of IFRS 9 is equal to the release of the revaluation reserve at 1 January 2022. The impact is a reclassification from revaluation reserves to retained earnings within equity.

Whilst, on transition at 1 January 2022, shareholders' equity has an adverse impact, the interest rates have increased during 2022 and the impact on shareholders' equity on implementation at 1 January 2023 is lower, a reduction of € 26,853 thousand when compared to the previous year end number. This impact is due to implementation of IFRS 17.

The impact of the transition to IFRS 17 and IFRS 9 is lower than the impact at the transition at 1 January 2023, because rising interest rates under current accounting have reduced the value of investments with a more limited effect on insurance liabilities under IFRS 4. Under IFRS 17, this mismatch is significantly reduced.

The impact of adoption on the statement of profit and loss for 2022 amounts to € 15,269 thousand positive when compared to the financial statements under the previous accounting standards, mainly from the influence of differences in the valuation of investments and insurance liabilities due to retrospective application of IFRS 17 and IFRS 9 as from 1 January 2022.

It is noted that the cash flows and underlying operating capital generation of group's businesses are unaffected by IFRS 17 and IFRS 9, and the standards will have little or no impact on groups' Solvency II performance metrics.

Under IFRS 4, shadow accounting was applied to limit accounting mismatches between accounting for investments and accounting for insurance liabilities. With the introduction of IFRS 17 and IFRS 9, these accounting mismatches no longer exist, and the related reserves are released into the general reserve.

6.1.3 General Accounting Policies

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

Functional Currency and Reporting Currency

The financial statements have been prepared in thousands of euros (€). The euro is the functional and reporting currency of Proteq. 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.

Monetary items in the statement of financial position denominated in foreign currencies are translated into euros at the exchange rate applicable at the reporting date. Exchange rate differences arising from these transactions and from converting monetary items in the statement of financial position denominated in foreign currencies are recognised in the statement of profit or loss within investment income or gains and losses on financial instruments, depending on the item in the statement of financial position to which they relate.

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

Accounting Based on Transaction Date and Settlement Date

All purchases and sales of financial instruments that have been settled in accordance with standard market practices are recognised at the transaction date, i.e., the date on which Proteq commits itself to buying or selling the asset or liability. All other purchases or sales are recognised as forward transactions until they are settled.

Offsetting Financial Instruments

Financial assets and liabilities are offset and their net amounts are reported in the statement of financial position if the following conditions are met:
- a legally enforceable right to set off the recognised amounts exists,
- Proteq intends to settle the items on a net basis, or to realise the asset and the liability simultaneously.

If either of these conditions are not met, amounts are not offset.

Estimates and Assumptions

The preparation of the financial statements requires Proteq to make estimates and assumptions based on complex and subjective opinions and best estimates. In this process, management judges situations on the basis of available information and financial data that are likely to change in the future. Although estimates are made to the best of the management's knowledge, actual results will differ from these estimates and the use of other assumptions or data can lead to materially different results.

Estimates and underlying assumptions are reviewed on a regular basis. The resulting impact on accounting estimates 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. The main accounting policies involving the use of estimates concern the methods for determining liabilities arising from insurance contracts, the provision for employee benefits, restructuring and other provisions, the provisions for bad debts, the fair value of assets and liabilities, deferred tax impairments and the treatment of contingent liabilities. Also qualifying new investments as subsidiaries, associates or joint arrangements requires making judgement and applying assumptions.

For further details on estimates and assumptions, refer to the relevant policies in section6.1.4. Accounting Policies for the Statement of Financial Position and the relevant notes in section 6.3 Notes to the Financial Statements.

Fair Value of Assets and Liabilities

Fair Value

The fair value is the price that Proteq would receive to sell an asset or to pay to transfer a liability in an orderly transaction between market participants in the principal market, or in the most advantageous market and assuming the highest and best use for non-financial assets.

Fair Value Hierarchy

The fair value of financial assets, financial liabilities and non-financial instruments are determined using quoted prices where available. These quoted prices are primarily derived from transaction prices for listed instruments. If transaction prices are not available, market prices from independent market participants or other experts are used. Proteq applies a transfer price when determining fair value; as a result, financial assets are initially recognised at their bid prices and financial liabilities at their offer prices.

In markets where activity has decreased or in inactive markets, the range of prices from different sources can be significant for a certain investment. Selecting the most appropriate price requires judgement; available market information relating to the fair value of the instrument is taken into account.

When no market price is available for certain financial assets and liabilities, the fair value of these financial assets and liabilities is determined using valuation techniques, which may vary from net present value calculation to valuation models that use accepted economic methodologies. Input used in these models is based on observable market information to the extent possible. All valuation methods used are assessed and reviewed according to the Proteq governance procedures.

6.1.4 Accounting Policies for the Statement of Financial Position

Financial Assets

Proteq has determined its IFRS 9 Business Models for its financial assets. An IFRS 9 business model is the way Proteq manages its financial instruments in order to generate cash flows. It is determined at a level that reflects how groups of financial assets are managed together rather than at an individual financial instrument level.

In order to determine the business models, Proteq has assessed the objectives of each business model and the activities undertaken. In doing so, Proteq has considered all relevant information, including how investment decision are taken, how the performance is measured and how risks are managed and reported to Proteq's management.

IFRS 9 defines the following Business Model:
- Hold to collect;
- Hold to collect and sell;
- Other (including managed on a fair value basis).

The IFRS 9 classification is based on the combination of the Business Model, the SPPI test and in certain cases the financial instrument can be designated to be measured at FVTPL to prevent an accounting mismatch.

The contractual cash flows of a financial asset are assessed to determine whether they meet the SPPI required for the 'hold to collect and the 'hold to collect and sell' business models. The SPPI requirement is that interest in a financial instrument is only a consideration for the time value of money and credit risk, included illiquidity premium and cost.

In assessing whether the contractual cash flows are SPPI, Proteq considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The cash flows that are consistent with a basic lending arrangement pass the SPPI test and others will fail the SPPI test. Financial assets in the 'Hold-to-Collect' Business Model that pass the SPPI test will be measured at amortised cost. Financial assets that fail the SPPI test will be measured at FVTPL Mandatory. Unlike the business model test, this assessment is to be carried out on an instrument-by-instrument basis. For the amortised cost assets an ECL model has been implemented.

Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, see section on the IFRS 9 Business Models. On initial recognition, financial assets and financial liabilities at fair value through profit or loss are initially measured at their fair value. The initial measurement of other financial instruments is based on their fair value, but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument.

Subsequent measurement

After initial measurement, Proteq measures financial instruments which are classified as at FVTPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue and dividend income. In the 'Basis of Preparation', IFRS 9 Business models the measurement per business model has been disclosed.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- The rights to receive cash flows from the asset have expired or;
- Proteq has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) Proteq has transferred substantially all the risks and rewards of the asset; or (b) Proteq has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Modification

If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, Proteq has assessed whether there has been a significant increase in the credit risk of the financial instrument by comparing:
a. the risk of a default occurring at the reporting date (based on the modified contractual terms); and
b. the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

Write Offs

A write off is a direct reduction of the carrying amount of a financial asset resulting from uncollectability. A financial asset is considered uncollectable if Proteq has no reasonable expectations of recovery and has ceased any further enforcement activities.

Investments

A debt instrument is measured at amortised cost if it is held within a business model whose objective is hold-to-collect or FVOCI if it is held within a business model whose objective is hold-to-collect-and-sell. Proteq does not have a hold-to-collect-and-sell business model.

A debt instrument, within a business model whose objective is hold-to-collect, will collect contractual cash flows and its contractual terms will pass the Solely Payments of Principal and Interest test. The SPPI test requires that the contractual terms of the financial asset (as a whole) give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt instrument is measured at FVTPL when it is in one of the following categories:

- It is held within the IFRS 9 'other' business model, with the objective is to manage the asset at fair value, or;
- It is held within an IFRS 9 business model 'held-to-collect' or 'held-to-collect-sell", but it fails on the solely payments of principal test, or;
- It has been designated as at FVTPL.

The IFRS 9 measurement categories applied by Proteq for financial assets are:
- Financial assets at fair value through profit or loss. This applies to debt and equity instruments as well as derivatives;

- Debt instruments at amortised cost.

Proteq's Business Model assessment resulted in FVTPL measurement as the investments are managed on a fair value basis. Financial assets are only designated at fair value through profit or loss when this eliminates or considerably reduces an inconsistency in valuation or recognition between assets and liabilities that would otherwise arise.

Financial assets revaluation will result in realised and unrealised gains and losses, which are subsequently recognised directly in the statement of profit or loss within result on investments. Interest income earned is recognised within result on investments. Dividends received on equity instruments are presented in result on investments.

Derivatives

Derivatives are recognised at fair value upon inception and subsequently measured at fair value as well. The fair value of publicly traded derivatives is based on quoted bid prices for assets held or liabilities to be issued, and quoted offer prices for assets to be acquired or liabilities held.

The fair value of non-publicly traded derivatives depends on the type of instrument and is based on a present value model or an option valuation model. Proteq recognises derivatives with a positive fair value as assets and derivatives with a negative fair value as liabilities.

Changes in the fair value of derivatives are accounted for in the statement of profit or loss as gains and losses on financial instruments.

Loans and Advances due from Banks

These assets concern receivables from banks with a remaining maturity of one month or more, not including interest-bearing securities. These receivables are measured at FVTPL Mandatory, following the IFRS 9 Business model 'other' as they are managed on a fair value basis.

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Taxes

Corporate Income Tax

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

Deferred Tax Assets and Liabilities

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

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

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

Tax Group

Athora Netherlands N.V. and Dutch its subsidiaries, including Proteq Levensverzekeringen 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.

Other Assets

Other assets consist of receivables from other taxes (including VAT, payroll tax), receivables from the clearing counterparty with regard to derivative positions and other receivables.

Equity

Issued share capital

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

Share premium reserve

The share premium reserve concerns the paid-up surplus capital in addition to the nominal value of the issued ordinary shares.

Insurance Contract Liabilities

Insurance contract liabilities arise from insurance contracts. Insurance contracts are contracts that concern the transfer of significant insurance risk. These contracts can also involve investment risks. Proteq issues life insurance contracts. Proteq recognises insurance contract liabilities from the earliest of the beginning of the coverage period or the date on which the first payment of the policyholder becomes due or when a group of contracts become onerous.

Classification of Insurance Contracts

Proteq issues life insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders if a specified uncertain future event adversely affects the policyholder. The adoption of IFRS 17 did not change the outcome of the classification of contracts as insurance contracts for Proteq, despite the slight amendments in the scoping requirements compared to IFRS 4.

Contracts held by Proteq, under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. These reinsurance contracts held also meet the definition of insurance contracts for purposes of IFRS 17, despite the slight amendments in the scoping requirements compared to IFRS 4.

The insurance and reinsurance contracts also expose Proteq to financial risk.

There are three measurement models available under IFRS 17 for the measurement of insurance contracts, these include the General Measurement Model (‘GMM’), Variable Fee Approach (‘VFA’) and the Premium Allocation Approach (‘PAA’). The GMM is the default approach. The VFA is an adjusted version of the GMM applied for contracts with direct participation features. This approach is for contracts where substantially investment-related services are provided.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception (or transition date for the policies in force at the transition date):
- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items,
- Proteq expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items, and
- Proteq expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All insurance contracts and reinsurance contracts held are classified as contracts without direct participation features. The GMM, is used for the measurement of these contracts. Proteq does not measure any of the contracts applying the PAA or VFA.

In the table below the life portfolio and the measurement model that Proteq applies are presented:

MEASUREMENT METHOD APPLIED	
	Measurement method applied
Product	GMM
Individual traditional insurance policies	√

The individual traditional insurance policies mainly consists of funeral policies.

Separating Components from Insurance Contracts

The starting point for grouping insurance contracts for measurement purposes, is the IFRS 17 insurance contract. Proteq assess the terms of the insurance contracts to determine if any non-insurance components need to be separated from the insurance contracts when applying IFRS 17.

Proteq assessed whether the insurance contracts contain components which must be accounted for under another IFRS standard rather than IFRS 17. Possible non-insurance components include:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument (i.e., distinct embedded derivatives).
- investment components (i.e., payments made to the policyholder in all scenarios) that are not highly inter-related with the insurance component(s) within the insurance contracts, and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction (i.e., distinct investment components).
- good or service other than insurance contract if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder (i.e., distinct goods or services other than insurance contract services).

The Proteq insurance contracts do not include any of the above distinct non-insurance components set out above, and therefore even though some of the insurance contracts include embedded derivatives and/or investment components these are not separated from the insurance components because they are not distinct. Proteq therefore applies IFRS 17 to all components of the (host) insurance contract.

Aggregation and Recognition of Insurance Contracts held

Insurance contracts and reinsurance contracts held are aggregated into groups for measurement purposes. Groups of (re)insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into cohorts based on the issue date (not grouping contracts issued more than 3 months apart in the same group) and each cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition (as reinsurance contracts held cannot be onerous, this does not apply to reinsurance contracts held);
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently (as reinsurance contracts held cannot be onerous, this does not apply to reinsurance contracts held); and
- any remaining contracts in the cohort.

Proteq does not apply the exemption granted by the European Commission's Accounting Regulatory Committee to exempt certain groups of insurance contracts from annual cohort requirements.

Contracts are grouped together based on the nature of the (predominant) risk covered in the contract. Mortality and longevity risk are used as the basis for the identification of separate portfolios. Multi-cover contracts that are not separated are grouped based on their predominant risk.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains Proteq practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. This applies to contracts issued which are required by European regulation to be priced on a gender-neutral basis.

Each group of reinsurance contract comprises one contract.

A direct insurance contract issued is initially recognised by Proteq from the earliest of:
- the beginning of its coverage period (i.e., the period during which Proteq provides services in respect of any premiums within the boundary of the contract),
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts with the same characteristics are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Initial Measurement of Insurance Contracts

On initial recognition, Proteq measures a group of insurance contracts as the total of the:
1. fulfilment cash flows, and
2. CSM.

The fulfilment cash flows comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk, as explained below.

Future Cash Flows

The estimates of future cash flows are based on a probability weighted average of the full range of possible outcomes determined from the perspective of Proteq, provided the estimates are consistent with observable market prices for market variables; and reflect conditions existing at the measurement date.

Proteq objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then Proteq uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

The estimates of future cash flows reflect Proteq view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, Proteq takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. Proteq derives cost inflation assumptions on fixed staff costs from the current Collective Labor Agreement. When inflation assumption is based on an index or on prices of assets with inflation-linked returns, changes in the assumptions relate to financial risk and therefore impact insurance finance income. If inflation assumptions are based on Proteq own expectations of specific price changes, then these changes are not deemed to relate to financial risk and are accounted for as a non-financial assumption.

The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group. The contract boundary for the insurance and reinsurance contracts are determined as follows:
- Insurance contracts: Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which Proteq can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services which includes insurance coverage and any investment related or investment return services as required by IFRS 17.

A substantive obligation to provide services ends when Proteq:

- has the practical ability to reassess the risks of the policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to Proteq, which may include both insurance and financial risks, but exclude lapse and expense risks.

For contracts with renewal periods, an assessment is performed of whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by considering all the risks covered for the policyholder by the company, that would be considered when underwriting equivalent contracts on the renewal dates for the remaining service. An insurance contract liability or insurance contract asset relating to expected premiums or claims outside the boundary of an insurance contract or a reinsurance contract, are not included in the measurement of that contract. Such amounts relate to future insurance contracts.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on Proteq substantive rights and obligations and, therefore, may change over time.

Acquisition Cash Flow

Insurance acquisition cash flows within the contract boundary, are included within the measurement of the insurance contracts. The insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. The cash flows arise from selling, underwriting or starting a (group of) insurance contracts include costs directly attributable to individual contracts and groups of contracts; and costs directly attributable to the portfolio of insurance contracts to which the group belongs.

The insurance acquisition cash flows directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract), are allocated to that group and to the groups that will include renewals of those contracts.

Insurance acquisition cash flows that are directly attributable to a portfolio but not to a group of contracts, are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts. At the end of each reporting period Proteq assesses the recoverability of an asset for insurance cash flows if facts or circumstances indicate the asset may be impaired. Proteq recognises an impairment loss in profit or loss and reduces the carrying amount of an asset for insurance acquisition cash flows so that the carrying amount does not exceed the expected net cash inflow for the related group of insurance contracts. A reversal of an impairment loss is recognised in profit or loss, to the extent that the impairment conditions no longer exist or have improved.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Proteq generally allocates insurance acquisition cash flows and maintenance and administration costs to groups of contracts based on the number of expected to be in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

Investment Management Expenses represent a separate category of costs. Under IFRS 17, cash flows are attributed to insurance contracts if they directly relate to the execution of these insurance contracts and that the investment activities enhance policyholder benefits from insurance coverage as required by IFRS 17.B65(ka)(i-iii). It is Proteq's view that only insurance contracts with explicit profit sharing and/or investment returns have policyholder benefits that are enhanced by investment returns and therefore the measurement of only these contracts allows for expected investment management expenses. All investment management expenses not allocated to these products are reported in profit and loss as they are incurred in the reporting period.

At each reporting date, Proteq revises the amounts allocated to group of contracts to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Discount Rate

The IFRS 17 discount rates should reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts and be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity.

Proteq applies the top-down approach to determine the discount rates. The discount rates exclude the factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Proteq's IFRS 17 curves are constructed as a risk-free rate and a portfolio specific spread that is based on the illiquidity premium of the reference portfolio. The reference portfolio is adjusted to eliminate factors that are not relevant for the insurance liability, for example market risk and expected and unexpected credit risk. Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

Proteq generally determines the risk-free rates using the observed mid-price swap yield curves. The yield curve is interpolated between the Last Liquid Point (LLP) of 30 years and an ultimate forward rate of 2%, which is determined based on 20-years moving average and reflects long-term real interest rate and inflation expectations. Proteq applies a LLP of 30 years and considers market information not liquid enough for longer maturities. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations.

To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves and UFR are adjusted by an illiquidity premium (ILP). ILPs are generally determined by a (credit) risk-corrected spread that is derived from Proteq’s own asset allocation. The short term ILP is based on current asset allocation and current gross spreads and is assumed to converge to a long-term ILP which is based on strategic asset allocation and Proteq’s expected gross spreads based on historical observations and other market information.

Non-performance risk of Proteq is not included in the measurement of groups of insurance contracts issued. In the current and prior reporting periods there was no mark-up for this risk.

Refer to section 8 Insurance contract liabilities for the yield curve that is applied for discounting the cash flows.

Risk Adjustment

This risk adjustment is determined based on the cost of capital approach. The cost-of-capital rate represents the additional reward that investors would require for exposure to the non-financial risk. Applying a cost of capital technique, Proteq determines the risk adjustment for non-financial risk by applying a cost-of-capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity. The cost of capital in the risk adjustments is set at 4%. The risk adjustment is calculated on Proteq level and allocated to portfolios and groups of insurance contracts.

The risk adjustment is the compensation the entity requires for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment for non-financial risk reflects all life underwriting risks associated with insurance contracts of which the most important are mortality risk, longevity risk, disability and morbidity risk, lapse risk, expense risk and catastrophe risk. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by Proteq, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined in a similar manner as Solvency II, by using a correlation matrix technique . The diversification benefits include the effects from diversification among different portfolios of insurance contracts that belong to the same legal entity. There are no diversification benefits assumed between Proteq, its parent Athora Netherlands, its subsidiaries and Athora Group.

The required capitals are based on the required capitals for each risk under Solvency II, since Solvency II represents the regulatory regime in which Proteq operates and holds capital. However, to reflect the requirements under IFRS 17, the Solvency II capitals are adjusted to include only underwriting risks. Therefore, operational risks and counter party risk on reinsurance, that are included in the measurement of the risk adjustment under Solvency II, are excluded from the risk adjustment under IFRS 17.

The change in the risk adjustment is not disaggregated between change related to non-financial risk and the effect of the time value of money.

Refer to section 8 Insurance contracts liabilities for additional information on the risk adjustment. .

Contractual Service Margin (CSM)

The CSM of a group of insurance contracts represents the unearned profit that Proteq will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

The initial measurement of the CSM is the same regardless of the measurement model being applied (i.e., VFA versus GMM).

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then Proteq recognises the cost immediately in profit or loss as an expense.

Subsequent Measurement of Insurance Contracts

Fulfilment Cash Flows

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

- Changes relating to future services: Adjustment against the CSM as set out below (or recognised in the insurance service result in profit or loss if the group is onerous).
- Changes relating to current or past services: Recognised in the insurance service result in profit or loss.
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows: Recognised as insurance finance income or expenses.

Contractual Service Margin (CSM)

Proteq has made an accounting policy choice not to change the treatment of accounting estimates made in previous interim financial statements, prepared applying IAS 34, when applying IFRS 17 in subsequent interim financial statements and in the annual reporting period. As a result, Proteq will apply period-to-period reporting within the financial statements based on a quarterly interim reporting. This policy choice is applied to all groups of insurance contracts it issues.

The subsequent measurement of the CSM is dependent on the measurement model applied to the group of insurance contracts. A distinction is made between the contracts without direct participating features (i.e., GMM contracts), and the groups of insurance contracts with direct participating features (i.e., VFA contracts).

Without direct participating features - Direct contracts (GMM)

The carrying amount of the CSM at each reporting date for a group of direct insurance contracts without direct participating features, is the carrying amount at the start of the year, adjusted for:
- the CSM of any new contracts that are added to the group in the year.
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition.
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows that exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component, or
  - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss.
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services comprise:
- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition.
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year.
- changes in the risk adjustment for non-financial risk that relate to future services. Proteq does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. As a result of the policy choice, the CSM is adjusted for the change related to non-financial risk, measured at current discount rates. Both non-financial changes and effect of the time value of money will adjust the CSM.

The release of the CSM in a reporting period reflects the insurance contract services provided, which for a group of insurance contracts without direct participating features represents the insurance coverage and investment return services (if applicable).

A group of insurance contracts without direct participation features will include contracts with investment return services if all of the following criteria are met:
- an investment component exists, or the policyholder has a right to withdraw an amount (i.e., the policyholder has a right to receive a surrender value or refund of premiums on cancellation of a policy or transfer an amount to another insurance provider).
- Proteq expects the investment component or amount the policyholder has a right to withdraw to include an investment return (an investment return could be below zero, for example, in a negative interest rate environment).
- the entity expects to perform investment activity to generate that investment return.

Proteq does not have such products.

Derecognition and Modification of Insurance Contracts

An insurance contract is derecognised when it is extinguished – i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled.

Proteq also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then Proteq treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

When a contract is derecognised from within a group of contracts:

1. the fulfilment cash flows are adjusted to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group.
2. the CSM is adjusted for the change in fulfilment cash flows (unless the decrease in the fulfilment cash flows is allocated to the loss component of the liability for remaining coverage of the group of insurance contracts).
3. the number of coverage units is adjusted for the expected remaining insurance contract services considering the coverage units derecognised.

If the contract is transferred to a third party, the CSM adjustment in (2) above is the amount of the fulfilment cash flow adjustment relating to future services less the premium charged by the third party.

If the original contract is modified resulting in a derecognition, the CSM adjustment in (2) above is the amount of the fulfilment cash flow adjustment related to future service adjusted for the premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, a hypothetical premium is applied.

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Insurance finance income or expenses comprise changes in the carrying amount of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risks and changes therein, unless any such changes for groups of direct participating contract are adjusted for the CSM.

Proteq does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Financial Liabilities

Derivatives

See under the Financial Assets the section entitled 'Derivatives'.

Amounts Due to Banks

Amounts due to banks comprise unsubordinated debts to credit institutions. Upon initial recognition, amounts due to banks are measured at fair value, including transaction costs incurred. These liabilities are subsequently measured at amortised cost.

Any difference between the measurement at initial recognition and the redemption value based on the effective interest method is recognised in the statement of profit or loss.

Other Liabilities

Other liabilities include creditors, amounts payable to reinsurers, other taxes and accrued liabilities as well as interest accrued on financial instruments that are measured at amortised cost.

6.1.5 Accounting Policies for the Statement of Profit or Loss

Income and expenditure are allocated to the period to which they relate. Costs are recognised in the cost category to which they relate.

Income

Income represents the fair value of the services, after elimination of intra-group transactions within Proteq. Income is recognised as described in the following sections.

Insurance Service Result

Insurance Revenue

Proteq recognises insurance revenue as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which Proteq expects to receive consideration, and comprises the following items:

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses as expected to be incurred at the start of the reporting period,
- In addition, Proteq allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. Proteq recognises the allocated amount as insurance revenue and an equal amount as insurance service expenses.

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year.

The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The release of the CSM in a reporting period reflects the insurance contract services provided, which for a group of insurance contracts without direct participating features, represents the insurance coverage and investment return services (if applicable).

The expected coverage period reflects expectations of lapses and cancellations of contracts, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders relating to those services have been paid.

Proteq establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis. The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows (consisting of the insurance claims, expenses and intrinsic value of options and guarantees) plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Changes in fulfilment cash flows relating to future services and changes in the amount of Proteq's share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Insurance Service Expense

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on detection of critical illness.
- Amortisation of insurance acquisition cash flows: This is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows.
- Losses on onerous contracts and reversals of such losses.

- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Investment Result

Result on Investments

Result on investments consists of interest, dividends, rental income and revaluations.

Interest

The interest income is calculated based on the contractual interest rate.

Dividends

Dividend income is recognised in the statement of profit or loss as soon as the entity's right to payment is established. In the case of listed securities, this is the date on which these securities are quoted ex-dividends.

Rental Income

Rental income consists of rentals from investment property. Rental income is recognised as income on a straight-line basis for the duration of the lease agreement.

Revaluations

This item serves to recognise realised and unrealised increases and decreases in the fair value of financial assets qualifying as at fair value through profit or loss. Revaluations concern the difference between the fair value at the reporting date or net proceeds from the sale during the reporting period on the one hand, and the fair value at the beginning of the reporting period or the purchase price during the reporting period on the other.

Result on Derivatives

Gains and losses on derivative and other financial instruments are recognised under this item. Derivatives are measured at fair value. Gains and losses from revaluations to fair value are directly recognised in the statement of profit or loss within gains and losses on financial instruments.

Expenses

Expenses are recognised in the statement of profit or loss on the basis of a direct relationship between costs incurred and the corresponding economic benefits. If future economic benefits are expected to occur in different reporting periods, expenses are recognised in the statement of profit or loss based on a systematic allocation method. Expenses are directly recognised in the statement of profit or loss if they do not generate any future economic benefits.

Other Operating Expenses

Staff Costs

This item concerns expenses related to staff, including salaries, social security contributions and pension costs. The salaries, social security contributions and costs of the Stichting Pensioenfonds SNS REAAL defined contribution pension scheme were charged by Athora Netherlands to Proteq.

Depreciation and Amortisation of Non-current Assets

This item comprises all depreciation and amortisation of property and equipment and intangible assets. For details on depreciation and amortisation, see Section 6.1.4 entitled 'Accounting policies for the statement of financial position' (see the applicable items).

Other Expenses

This includes office expenses, accommodation expenses and other operating expenses.

Other Finance Result

This item primarily comprises interest expenses related to interest on subordinated bonds and private loans issued by Proteq. Interest expenses are recognised in the statement of profit or loss based on the effective interest method.

6.1.6 Contingent Liabilities and Commitments

Contingent liabilities are liabilities not recognised in the statement of financial position because the existence is contingent on one or more uncertain events that may or may not occur in the future not wholly within the control of Proteq. It is not possible to make a reliable estimate of such liabilities.

The maximum potential credit risk arising from pledges and guarantees is stated in the notes. In determining the maximum potential credit risk, it is assumed that all the counterparties will no longer live up to their contractual obligations and that all the existing collateral is without value.

6.1.7 Cash Flow Statement

The cash flow statement is prepared according to the indirect method, and distinguishes between cash flows 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 flow 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.

6.2 Acquisitions and Disposals

There were no acquisition or disposal of businesses in the financial year 2023. There were no acquisition or disposal of businesses in 2022 either.

6.3 Notes to the Financial Statements

1 Investments

BREAKDOWN OF INVESTMENTS		
	FVTPL Mandatory	
In € thousands	2023	2022
Bonds	377,302	391,888
Loans and deposits	12	12
Total debt instruments	**377,314**	**391,900**
Shares and similar investments	67,664	32,291
Total	**444,978**	**424,191**

Fixed-income investments decreased by € 14,586 thousand mainly due to net outflow which was partly offset by a positive revaluation as long term interest rate have decreased. The increase of shares and similar investments in 2023 was related mainly to investments in money market funds.

BREAKDOWN OF INVESTMENTS: LISTED AND UNLISTED								
	Shares and similar investments		Bonds		Loans and deposits		Total	
In € thousands	2023	2022	2023	2022	2023	2022	2023	2022
Listed	-	-	377,302	391,888	-	-	**377,302**	**391,888**
Unlisted	67,664	32,291	-	-	12	12	**67,676**	**32,303**
Total	**67,664**	**32,291**	**377,302**	**391,888**	**12**	**12**	**444,978**	**424,191**

STATEMENT OF CHANGES IN INVESTMENTS								
	Shares and similar investments		Bonds		Loans and deposits		Total	
In € thousands	2023	2022	2023	2022	2023	2022	2023	2022
Balance as at 1 January	**32,291**	**22,707**	**391,888**	**598,289**	**12**	**11**	**424,191**	**621,007**
Purchases and advances	148,128	143,351	163,928	70,180	-	1	312,056	213,532
Disposals and redemptions	-93,940	-133,516	-194,939	-136,578	-	-	-288,879	-270,094
Changes in the composition of group companies	-20,908	-	-	-	-	-	-20,908	-
Revaluations	2,906	980	15,797	-140,155	-	-	18,703	-139,175
FX Result	37	19	-	-	-	-	37	19
Received Coupons	-	-	-7,093	-7,490	-	-	-7,093	-7,490
Accrued Interest	-	-	7,721	7,642	-	-	7,721	7,642
Dividend Received/ Negative Distribution	-850	-1,250	-	-	-	-	-850	-1,250
Balance as at 31 December	**67,664**	**32,291**	**377,302**	**391,888**	**12**	**12**	**444,978**	**424,191**

Investments for general account in 2023 (€ 444,978 thousand) increased by € 20,787 thousand compared to 2022. More detailed explanation on this is provided below. Consistent with 2022, shares and similar investments and loans and deposits portfolios have only unlisted investments. The bonds portfolio is fully allocated towards listed investments.

The increase in shares and similar investments was driven by higher purchases and advances compared with disposals and redemption (€ 54,188 thousand difference). Furthermore, the higher positive revaluation in 2023, of € 2,906 thousand on shares and similar investments, is in line with the upward movement in stock indices in 2023 compared to a downward movement in 2022. The increase in short-term rates also led to inflows into the money-market funds.

The bonds portfolio decreased in 2022 due to large disposals and higher interest rates but it has stabilised in 2023. Although the disposals are higher compared to the purchases (€ 31,011 thousand difference), the decrease in long term interest rates on bonds in 2023 resulted in a positive revaluation of € 15,797 thousand compared with negative revaluations in 2022 of € 140,155 thousand, resulting in higher year-end values.

The carrying amount of the fixed-income investments lent in a securities lending program as of 31 December 2023 amounts to € 894 thousand (2022: nil). The lending periods are open-ended and can be terminated on request. The fair value of investments received from the counterparty as collateral at 31 December 2023 was zero (2022: nil). Collateral is only accepted in the form of equity and fixed income securities, with restrictions on the quality. Although collateral is at the disposal of Proteq, it is Proteq's policy not to trade with collateral received given the open-ended character of the initial securities lending transaction.

Some investments have been posted as collateral for amounts due to derivates. The carrying amount (market value) of investments posted as collateral at 31 December 2023 was € 18,609 thousand (2022: € 14,136 thousand). The collateral received for derivatives are reported in Note 23 Financial Instruments.

BREAKDOWN OF LOANS AND DEPOSITS

In € thousands	2023	2022
Private loans	12	12
Total	**12**	**12**

Investment Portfolio

BREAKDOWN OF INVESTMENTS OF INSURANCE BUSINESS

In € thousands	2023	2022
Bonds	377,302	391,888
Private loans	12	12
Total	**377,314**	**391,900**

The following table shows the breakdown of the debt instruments portfolio by sector.

BREAKDOWN OF DEBT INSTRUMENTS PORTFOLIO (SECTOR)

In € thousands	2023		2022	
Sovereign	274,770	73%	282,295	72%
Corporate bonds - financial sector	65,225	17%	68,044	17%
Corporate bonds - non-financial sector	37,307	10%	41,549	11%
Loans	12	0%	12	0%
Total	**377,314**	**100%**	**391,900**	**100%**

The following overview includes the debt Instruments by rating category.

BREAKDOWN OF DEBT INSTRUMENTS PROFILE (RATING)				
In € thousands	2023		2022	
AAA	232,797	61%	272,941	70%
AA	58,893	16%	23,375	6%
A	64,547	17%	58,799	15%
BBB	20,870	6%	36,402	9%
< BBB	195	0%	371	0%
Not rated	12	0%	12	0%
Total	**377,314**	**100%**	**391,900**	**100%**

Of the debt Instruments portfolio, 94 % of investments had an A rating or higher (2022: 91%).

The debt Instruments by geographic area is included in the table below.

BREAKDOWN OF INTEREST-BEARING INVESTMENT PROFILE (GEOGRAPHIC)				
In € thousands	2023		2022	
Netherlands	172,629	46%	148,027	38%
Germany	66,926	18%	126,885	32%
France	52,770	14%	27,534	7%
United States Of America	20,012	5%	20,775	5%
United Kingdom	10,193	3%	9,584	3%
Austria	8,348	2%	2,242	1%
Luxembourg	5,906	1%	5,035	1%
Australia	5,618	1%	5,332	1%
Sweden	3,210	1%	3,680	1%
Spain	2,956	1%	4,404	1%
Others (per world region)				
Other European countries	25,359	7%	29,743	8%
Asia	2,787	1%	6,587	2%
South-America	600	0%	569	0%
Other North-American countries	-	0%	1,503	0%
Total	**377,314**	**100%**	**391,900**	**100%**

The debt Instruments portfolio of Proteq have predominantly European debtors. Dutch, German and French issued bonds and loans represent 77% (2022: 77%) of the total debt Instruments portfolio.

The category "Other European countries" also includes investments in European and other international banking institutions that cannot be allocated to a single country.

2 Derivatives

BREAKDOWN OF DERIVATIVES						
	Positive value		Negative value		Balance	
In € thousands	2023	2022	2023	2022	2023	2022
Derivatives	93,090	97,955	127,179	135,409	-34,089	-37,454
Total	**93,090**	**97,955**	**127,179**	**135,409**	**-34,089**	**-37,454**

The derivatives position increased with € 3,365 thousand in 2023. This is due to changes in market value caused by the decrease of the long-term interest rates movements and the increase in inflation rates.

STATEMENT OF CHANGES IN DERIVATIVES		
In € thousands	2023	2022
Balance as at 1 January	-37,454	17,200
Disposals and redemptions	232	457
Revaluations	2,431	-55,213
FX Result	441	-36
Accrued interest	261	138
Balance as at 31 December	-34,089	-37,454

For more information about derivatives see Note 16 Results on derivatives and Note 22 Hedging.

3 Deferred Tax

ORIGIN OF DEFERRED TAX 2023				
In € thousands	1 January	Change through profit or loss	Change through equity	31 December
Investments	1,079	-3,611	-	-2,532
Derivatives	9,941	-687	-	9,254
Insurance contracts	18,702	-1,942	-	16,760
Carry forward losses	-	206	-	206
Other	-6,573	6,573	-	-
Total	23,149	539	-	23,688

ORIGIN OF DEFERRED TAX 2022 RESTATED				
In € thousands	1 January	Change through profit or loss	Change through equity	31 December
Investments	-34,498	35,577	-	1,079
Derivatives	-4,281	14,222	-	9,941
Insurance contracts	61,296	-42,594	-	18,702
Other	-17,511	10,938	-	-6,573
Total	5,006	18,143	-	23,149

The total amount of change in deferred tax through profit or loss is € 539 thousand (2022: € 18,143 thousand). This amount is due to temporary differences (2023: € -6,240 thousand; 2022: € 7,205 thousand), capitalisation of a deferred tax asset for carry forward losses (2023: € 206 thousand) and the impact of the reversal of non-recoverable deferred tax assets (DTA) (2023: € 6,573 thousand; 2022: € 10,938 thousand). See also Note20 Tax Expense or Income.

In 2022 the DTA reassessment has been performed with the updated economic data. Due to the increased interest rates and spread, the DTA is partly recoverable. Therefore, the expense of € 17,511 thousand non-recoverable DTA in 2021 is reversed in 2022 (refer to Note 20 Tax Expense or Income). A sensitivity analysis is performed on the DTA recoverability. Among all the factors that were taken into consideration in the sensitivity analysis, spread has a relatively higher impact on the recoverability of DTA.

In 2023 the DTA remains fully recoverable. Given the current economic situation, the DTA recoverability has low sensitivity for economic changes, since only sharp decreases in interest rates or spreads could have a negative impact on the DTA recoverability.

SENSITIVITY DTA RECOVERABILITY		
	DTA recoverability in %	
in %	2023	2022
Spread + 10PB	100%	61%
Spread - 10BP	98%	63%
Spread - 20BP	93%	50%
Spread - 50BP	63%	18%

4 Loans and Advances due from Banks

BREAKDOWN OF LOANS AND ADVANCES DUE FROM BANKS		
In € thousands	2023	2022
Collateral	35,232	39,566
Balance as at 31 December	**35,232**	**39,566**

Cash collateral receivable has decreased due to positive balance amount movement of derivatives at multiple counterparties in 2023.

STATEMENT OF CHANGES IN LOANS AND ADVANCES DUE FROM BANKS		
In € millions	2023	2022
Balance as at 1 January	**39,566**	**-**
Purchases and advances	149,364	193,991
Disposals and redemptions	-153,698	-154,425
Received Coupons	-1,513	-
Accrued interest	1,513	-
Balance as at 31 December	**35,232**	**39,566**

5 Other Assets

BREAKDOWN OF OTHER ASSETS		
In € thousands	2023	2022 Restated
Receivables from group companies	1	1
Other accrued assets	-	2
Accrued assets	**1**	**3**
Other receivables	212	698
Total	**213**	**701**

The receivables are expected to be recovered within twelve months after reporting date.

6 Cash and Cash Equivalents

BREAKDOWN OF CASH AND CASH EQUIVALENTS		
In € thousands	2023	2022
Short-term bank balances	1,747	4,056
Total	**1,747**	**4,056**

Short-term bank balances are at the company's free disposal.

7 Equity

BREAKDOWN OF EQUITY		
In € thousands	2023	2022 Restated
Equity attributable to the shareholder	62,761	38,312
Total	**62,761**	**38,312**

The share capital amounts to € 15,890,000 and comprises of 35,000 ordinary shares with a nominal value of € 454 per share. Of all shares, 7,000 shares are issued and fully paid-up.

For further details on shareholders' equity, see Section 5.4. Statement of changes in equity.

Legal Reserves

The total shareholders' equity as per 31 December 2023 amounts to € 62,761 thousand (2022: € 38,312 thousand) of which € 273 thousand (2022: € 0 thousand) (comparative adjusted for the IFRS 17 and IFRS 9 implementation) is restricted for dividend pay-out due to the requirements in Section 2 of the Dutch Civil Code to hold legal reserves for unrealised gains for unrealised gains on investments that are accounted FVTPL and have no frequent market quotation and share capital of Proteq. The legal reserves are determined by applying RJ 240.224c that has become effective with the implementation of IFRS 17. RJ 240.224c allows under certain conditions to reduce the Dutch legal reserves from the positive revaluations of investments by the unrealised value increase of insurance contract liabilities. In addition to these legal reserves the Solvency II capital requirements are considered in determining whether equity can be distributed (see section 7.4 on Capital Management).

8 Insurance Contract Liabilities

As per 31 December 2023, the total amount of insurance contract liabilities is € 400,970 thousand (2022: € 409,638 thousand).

Insurance Contracts

The next table provides an overview of the product portfolio and the measurement method applied:

BREAKDOWN OF INSURANCE CONTRACT LIABILITIES AND MEASUREMENT METHOD APPLIED		
	GMM	
In € thousands	31 December 2023	31 December 2022 Restated
Individual traditional insurance policies	400,970	409,638
Total	**400,970**	**409,638**

STATEMENT OF CHANGES IN INSURANCE CONTRACTS 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims	
In € thousands	Excl. Loss component	Loss component		Total
Insurance contract liabilities	408,468	-	1,170	409,638
Balance as at 1 January 2023	**408,468**	**-**	**1,170**	**409,638**
Contracts under the fair value approach	-7,944	-	-	-7,944
Insurance revenues	**-7,944**	**-**	**-**	**-7,944**
Incurred claims and other insurance services expenses	-	-70	6,162	6,092
Losses and reversal of losses on onerous contracts	-	69	-	69
Insurance service expenses	**-**	**-1**	**6,162**	**6,161**
Insurance service result	**-7,944**	**-1**	**6,162**	**-1,783**
Net finance expenses from insurance contracts	5,742	2	-	5,744
Total change in the statement of profit or loss	**-2,202**	**1**	**6,162**	**3,961**
Investment components and premium refunds	**-9,755**	**-**	**9,755**	**-**
Premiums received	3,211	-	-	3,211
Claims and other insurance service expenses paid, including investment components	-	-	-15,840	-15,840
Total cash flows	**3,211**	**-**	**-15,840**	**-12,629**
Balance as at 31 December 2023	**399,722**	**1**	**1,247**	**400,970**
Insurance contract assets	-	-	-	-
insurance contract liabilities	399,722	1	1,247	400,970

Net finance expenses from insurance contracts were positive in 2023, supported by the beneficial update of Illiquidity Premium (ILP) in line with a yearly Strategic Asset Allocation (SAA) update towards higher returning investments. Other market variances were broadly neutral, with positive impacts from interest rates decreases offset by negative impacts from mortgage spread widening and property variances.

STATEMENT OF CHANGES IN INSURANCE CONTRACTS 2022 RESTATED				
	Liabilities for remaining coverage		Liabilities for incurred claims	
In € thousands	Excl. Loss component	Loss component		Total
Insurance contract liabilities	575,195	-	1,057	576,252
Balance as at 1 January 2022 Restated	**575,195**	**-**	**1,057**	**576,252**
Contracts under the fair value approach	-8,282	-	-	-8,282
Insurance revenues	**-8,282**	**-**	**-**	**-8,282**
Incurred claims and other insurance services expenses	-	-	5,149	5,149
Adjustments to liabilities for incurred claims	-	-	1	1
Insurance service expenses	**-**	**-**	**5,150**	**5,150**
Insurance service result	**-8,282**	**-**	**5,150**	**-3,132**
Net finance expenses from insurance contracts	-152,114	-	-	-152,114
Total change in the statement of profit or loss	**-160,396**	**-**	**5,150**	**-155,246**
Investment components and premium refunds	**-9,819**	**-**	**9,819**	**-**
Premiums received	3,488	-	-	3,488
Claims and other insurance service expenses paid, including investment components	-	-	-14,856	-14,856
Total cash flows	**3,488**	**-**	**-14,856**	**-11,368**
Balance as at 31 December 2022 Restated	**408,468**	**-**	**1,170**	**409,638**
Insurance contract assets	-	-	-	-
insurance contract liabilities	408,468	-	1,170	409,638

Net finance expenses from insurance contracts over 2022 are mainly explained by the significant increase of market interest rates. Reference is made to the note 17 Investment Result and Insurance Finance Income and Expense.

STATEMENT OF CHANGES IN INSURANCE CONTRACTS 2023					
			Contractual Service Margin (CSM)		
In € thousands	Estimates PV of future CF	Risk adjustment non-financial risk	Contracts under fair value approach	Total CSM	Total
insurance contract liabilities	367,041	13,818	28,779	28,779	409,638
Balance as at 1 January 2023	**367,041**	**13,818**	**28,779**	**28,779**	**409,638**
CSM recognised for services provided	-	-	-560	**-560**	**-560**
Change in risk adjustment non/ financial risk for risk expired	-	-488	-	**-**	**-488**
Experience adjustments	-803	-	-	**-**	**-803**
Total changes that relate to current services	**-803**	**-488**	**-560**	**-560**	**-1,851**
Changes in estimates that adjust the CSM	24,997	1,407	-26,404	**-26,404**	**-**
Total changes that relate to future services	**25,355**	**1,117**	**-26,404**	**-26,404**	**68**
Adjustments to liabilities for incurred claims	-	-	-	**-**	**-**
Total changes that relate to past services	**-**	**-**	**-**	**-**	**-**
Insurance service result	**24,551**	**629**	**-26,964**	**-26,964**	**-1,784**
Net finance expenses from insurance contracts	5,784	-	-39	**-39**	**5,745**
Total change in the statement of profit or loss	**30,335**	**629**	**-27,003**	**-27,003**	**3,961**
Premiums received	3,211	-	-	**-**	**3,211**
Claims and other insurance service expenses paid, including investment components	-15,840	-	-	**-**	**-15,840**
Total cash flows	**-12,629**	**-**	**-**	**-**	**-12,629**
Balance as at 31 December 2023	**384,747**	**14,447**	**1,776**	**1,776**	**400,970**
Insurance contract assets	-	-	-	**-**	**-**
insurance contract liabilities	384,747	14,447	1,776	**1,776**	**400,970**

Net finance expenses from insurance contracts were positive in 2023, supported by the beneficial update of Illiquidity Premium (ILP) in line with a yearly Strategic Asset Allocation (SAA) update towards higher returning investments. Other market variances were broadly neutral, with positive impacts from interest rates decreases offset by negative impacts from mortgage spread widening and property variances.

Changes in estimates that adjust the CSM are mainly driven by Non-Market Assumption Changes, Operating Experience Variance (OEV) and model changes calculated on locked-in discount curves.

STATEMENT OF CHANGES IN INSURANCE CONTRACTS 2022 RESTATED					
			Contractual Service Margin (CSM)		
In € thousands	Estimates PV of future CF	Risk adjustment non-financial risk	Contracts under fair value approach	Total CSM	Total
Insurance contract liabilities	514,564	18,912	42,776	42,776	576,252
Balance as at 1 January 2022 Restated	**514,564**	**18,912**	**42,776**	**42,776**	**576,252**
CSM recognised for services provided	-	-	-1,597	-1,597	-1,597
Change in risk adjustment non/ financial risk for risk expired	-	-984	-	-	-984
Experience adjustments	-552	-	-	-	-552
Total changes that relate to current services	**-552**	**-984**	**-1,597**	**-1,597**	**-3,133**
Changes in estimates that adjust the CSM	16,275	-4,110	-12,165	-12,165	-
Total changes that relate to future services	**16,275**	**-4,110**	**-12,165**	**-12,165**	**-**
Adjustments to liabilities for incurred claims	1	-	-	-	1
Total changes that relate to past services	**1**	**-**	**-**	**-**	**1**
Insurance service result	**15,724**	**-5,094**	**-13,762**	**-13,762**	**-3,132**
Net finance expenses from insurance contracts	-151,879	-	-235	-235	-152,114
Total change in the statement of profit or loss	**-136,155**	**-5,094**	**-13,997**	**-13,997**	**-155,246**
Premiums received	3,488	-	-	-	3,488
Claims and other insurance service expenses paid, including investment components	-14,856	-	-	-	-14,856
Total cash flows	**-11,368**	**-**	**-**	**-**	**-11,368**
Balance as at 31 December 2022 Restated	**367,041**	**13,818**	**28,779**	**28,779**	**409,638**
Insurance contract assets	-	-	-	-	-
insurance contract liabilities	367,041	13,818	28,779	28,779	409,638

Net finance expenses from insurance contracts over 2022 are mainly explained by the significant increase of market interest rates. Reference is made to the note 17 Investment Result and Insurance Finance Income and Expense.

Estimate of Cash Flows

General

The assumptions used for estimating underwriting cash flows do not differ from the assumptions used for the estimations of Solvency II cash flows. All these assumptions are reviewed at least annually. The most important assumptions are described here below.

Mortality and Longevity Assumptions

Mortality risk indicates the risk for the company of the policyholder dying earlier than expected. In the case of a life benefit, the longevity risk for Proteq is that the policyholder might live longer than expected. Assumptions about mortality/longevity and policy behaviour that are used in estimating future cash flows are developed by product type, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

To derive the longevity assumptions, Proteq uses the latest model published by the Netherlands Actuarial Association (Projection table AG2022) which combines mortality rates of several European countries with those of the Netherlands. Proteq further reviews and if required updates the empirical figures for portfolio mortality on the basis of research into observed mortality within the portfolio.

Expense risk

Expense risk is the risk of a loss arising from experience of expenses being different than expected. Athora Netherlands is exposed to the level, trend or volatility of these costs. Insurance liabilities include estimates of expenses that are attributable in fulfilling insurance contracts. These expenses relate to managing and settling insurance liabilities, including managing the accompanying assets and reinsurance contracts. The relevant expenses can be broken into:

- operating expenses, such as administration expenses and claim handling expenses
- investment management expenses, such as internal costs related to assets and fees paid by Athora Netherlands to asset managers and
- recurring commissions.

The basis for projecting the operation expenses are the recurring costs of the operational plan for each support department and each business line and expectations about wage increases and inflation. Investment management expenses are assigned to the insurance liabilities based on the expected strategic asset allocation.

Disability and Morbidity

The insurance portfolio is exposed to the risk of being (partially) unable to work for a limited period or on a permanent basis because of disability. The assumptions about disability-morbidity that are used in estimating future cash flows are developed by product type, reflecting recent experience and the profiles of the policy holders.

Lapse and Surrender Rates

Lapse risk reflects the impact of policyholders' behaviour, such as surrender (the policyholder terminates the policy before the maturity date) or conversion to a paid-up status (the policyholder terminates the regular premium payment before the maturity date). In general, the assumptions used depend on issue year, policy year, product types and sales channels.

Yield Curve

The next table provides an overview of the discount rate curve used for estimating the cash flows.

The disclosure of when the CSM is expected to be in profit or loss in future year is presented below.

DISCOUNT RATE CURVES 2023

In %	1 year	5 years	10 years	15 years	20 years	30 years	50 years
Illiquid	3.52%	2.55%	2.73%	2.85%	2.81%	2.61%	2.46%

DISCOUNT RATE CURVES 2022

In %	1 year	5 years	10 years	15 years	20 years	30 years	50 years
Illiquid	2.05%	3.24%	3.36%	3.36%	3.13%	2.68%	2.44%

LIQUIDITY PER PRODUCT TYPE

Product type	Liquidity
Funeral	Illiquid

For more details regarding the construction of the discount rate reference is made to paragraph 6.1 Accounting policies for the Financial Statements, section Insurance liabilities - Discount rate.

Risk Adjustment

Risk Adjustment - Corresponding Confidence Level

Applying a cost of capital technique, Proteq has developed a model to determines the confidence level that correspondents with the risk adjustment. The required capitals in this model assumed to be normally distributed in line with the assumptions underlying the Solvency II standard formula. The risks in different years are assumed to be independent. The confidence level is based on a multi-year horizon and the standard deviation corresponds with a 71.6% confidence level (2022: 71,5%).

For more details regarding the construction of the risk adjustment reference is made to paragraph 6.1 Accounting policies for the Financial Statements, section Insurance liabilities - Risk adjustment.

Contractual Service Margin

Recognition of CSM in Insurance Result

The CSM is recognised in the statement of profit and loss during the coverage period of the insurance contracts, based on the defined coverage units representing the quantity of service provided. Coverage units are assessed and revised annually. Proteq determines the coverage units as follows:

COVERAGE UNITS PER PRODUCT TYPE	
Product type	Coverage units
Funeral	Sum assured

BREAKDOWN OF RELEASE OF CSM ON INSURANCE CONTRACTS 2023							
In € thousands	< 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	> 20 years	Total
Insurance contracts liabilities	64	241	270	237	204	760	**1,776**

BREAKDOWN OF RELEASE OF CSM ON INSURANCE CONTRACTS 2022							
In € thousands	< 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	> 20 years	Total
Insurance contracts liabilities	1,024	3,859	4,343	3,822	3,310	12,421	**28,779**

The following table provides a maturity analysis of the insurance contracts, which reflects the dates on which the cash flows are expected to occur. This analysis is an estimate of the future value of the cash flows.

BREAKDOWN OF INSURANCE CONTRACTS MATURITY ANALYSIS 2023							
In € millions	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years	Total
Insurance contract liabilities	16,969	15,758	14,796	14,677	14,474	616,886	**693,560**
Insurance contract assets	-	-	-	-	-	-	**-**
Total insurance contracts	**16,969**	**15,758**	**14,796**	**14,677**	**14,474**	**616,886**	**693,560**

BREAKDOWN OF INSURANCE CONTRACTS MATURITY ANALYSIS 2022 RESTATED							
In € millions	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years	Total
Insurance contract liabilities	16,312	15,004	14,385	14,270	14,345	611,216	**685,532**
Insurance contract assets	-	-	-	-	-	-	**-**
Total insurance contracts	**16,312**	**15,004**	**14,385**	**14,270**	**14,345**	**611,216**	**685,532**

The tables above provides a maturity analysis of the insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur. The effect of discounting amounts to 308.813 thousand (2022: 318.491 thousand) for the insurance contract liabilities.

Over the years 2022 and 2023 Proteq has issued no new insurance contracts.

BREAKDOWN OF INSURANCE CONTRACT LIABILITIES PAYABLE ON DEMAND				
	Amount payable on demand		Carrying amount	
In € millions	2023	2022 Restated	2023	2022 Restated
Insurance contracts	306,469	305,804	400,970	409,638

9 Amounts due to Banks

BREAKDOWN OF AMOUNTS DUE TO BANKS		
In € thousands	2023	2022
Due on demand	4,153	3,150
Total	4,153	3,150

The amount of € 4,153 thousand (2022: € 3,150 thousand) due on demand relates to received cash collateral of one counterparty.

10 Other Liabilities

BREAKDOWN OF OTHER LIABILITIES		
In € thousands	2023	2022 Restated
Debts to group companies	4,898	456
Investment transactions to be settled	18	-
Total	4,916	456

The other liabilities are expected to be settled within twelve months after reporting date.

11 Guarantees, Commitments and Contingent Liabilities

Netherlands Reinsurance Company for Losses from Terrorism

In 2024, Proteq will take a 0.03% share in the Life cluster (2023: 0.03%) of the Netherlands Reinsurance company for Losses from Terrorism (Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V.). In 2024, the guarantee will be € 21 thousand (one third of total guarantee of € 62 thousand) (2023: € 22 thousand) for the Life cluster and total premiums will amount to € 1 thousand (2023: € 1 thousand).

Legal proceedings

In Proteq's endeavours to ensure compliance with applicable laws and regulations. Nevertheless, instances of non-compliance occurred in 2023. This included insufficient compliance with anti-money laundering regulations for the life insurance portfolio of Proteq. Regulatory risk is present. These instances of non-compliance have been resolved.

In Proteq's ordinary course of its business disputes arise, mainly regarding coverage and compensation of damages. These lead to proceedings involving claims by but mostly against Proteq. In certain of such proceedings, very large or indeterminate amounts are sought. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened proceedings, Proteq is not aware of any proceedings (including any such proceedings which are pending or threatened of which Proteq is aware) which may have, or have in the recent past had, a significant effect on the financial condition, profitability or reputation of Proteq.

Guarantee schemes

As per 1 January 2019, the Recovery and Resolution insurance companies Act *(Wet herstel en afwikkeling van verzekeraars*) came into force. This also affects Proteq. The Recovery and Resolution insurance companies Act will enable insurance companies and DNB to be better prepared for a crisis situation and gives DNB opportunities to intervene better in case of a bankruptcy of an insurance company. In those cases DNB is enforced to take care of the interests of policyholders.

12 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.

Proteq's related parties are its ultimate parent Athora, Apollo (key minority shareholder of Athora), its parent Athora Netherlands N.V., its affiliates and Proteq's key management personnel and their close family members. Unless stated otherwise, transactions with related parties are conducted at arm's length.

Intra-group Balances and Transactions

INTRA-GROUP BALANCES AND TRANSACTIONS						
	Athora Netherlands		Affiliates		Total	
In € thousands	2023	2022	2023	2022	2023	2022
Positions						
Assets						
Corporate income tax	1,031	-	-	-	1,031	-
Other assets (receivables from group companies)	-	-	-	1	-	1
Liabilities						
Corporate income tax payable	-	2,652	-	-	-	2,652
Other liabilities (liabilities to group companies)	4,898	456	-	-	4,898	456
Transactions						
Investments	-	-	-20,908	-	-20,908	-
Expenses						
Staff costs	3,329	2,112	-	-	3,329	2,112
Other operating expenses	1,033	1,135	-	-	1,033	1,135

- In 2023 Investments relates to the disposal of two funds from Proteq to SRLEV N.V.

There are no intra-group balances and transactions between Proteq and Athora. Regarding staff costs and other operating expenses we refer to the Note 18 Staff Costs and Note 19 Other Operating Expenses.

Intra-group Balances and Transactions with Key Management Personnel of Proteq

As of 1 January 2023, Proteq Levensverzekeringen N.V. has implemented an Executive Committee consisting of the members of the Executive Board and members appointed by the Supervisory Board at the proposal of the Executive Board. Therefore from 1 January 2023, the key management personnel consists of the members of the Executive Committee and the Supervisory Board, which were members of the Executive Committee and the Supervisory Board during the financial year. Until 1 January 2023, the key management personnel consists of the members of the Executive Board and the Supervisory Board. This applies to Proteq and also to Athora Netherlands N.V. and SRLEV N.V.

Proteq Levensverzekeringen N.V. is a full subsidiary of Athora Netherlands N.V. The members of the Executive Committee and the members of the Supervisory Board of Athora Netherlands N.V. are also the members of the Executive Committee and the members of the Supervisory Board of Proteq Levensverzekeringen N.V. The remuneration information is presented on Athora Netherlands level.

In 2023, the composition of the Executive Committee has changed. In 2023, one member of the Executive Committee has resigned and two new members have been appointed to the Executive Committee.

The Executive Committee comprised six members at 31 December 2023 (Executive Board, 31 December 2022: five members). The Supervisory Board comprised six members at 31 December 2023 (31 December 2022: six members).

Actual Remuneration (former) Members of the Executive Committee

The following table provides a breakdown of the total remuneration of the Executive Committee, including former and existing key management.

BREAKDOWN OF REMUNERATION (FORMER) MEMBERS OF THE EXECUTIVE COMMITTEE		
In € thousands	2023	2022
Short-term employee benefits	5,418	7,032
Post-employment benefits	147	111
Termination benefits	236	14
Total	5,801	7,157

The short-term employee benefits consist of fixed remuneration, social contributions and expense allowances. The short-term employee benefits also consist of sign-on bonuses paid, respectively to be paid to members of the Executive Committee in their first year of their appointment.

The post-employment benefits consist of pension contributions.

The termination benefits consist of contractual agreed severance payments to former members of the Executive Committee and their salary until the end of their notice period without the obligation to perform work. This is in line with the applicable remuneration policy Executive Committee and applicable legislation.

Reference is made to Section 6.1.5 for the accounting principles of 'Staff Costs'.

Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2023 (and 2022) and/or granted to members of the Executive Committee during 2023.

Actual Remuneration (former) Members of the Supervisory Board

The following table provides an overview of the total remuneration of the (former) Supervisory Board members (excluding 21% VAT).

BREAKDOWN OF REMUNERATION (FORMER) MEMBERS OF THE SUPERVISORY BOARD		
In € thousands	2023	2022
Total fixed actual remuneration for Supervisory Board members	515	498
Total remuneration related to membership Supervisory Board Committees	110	59
Total	625	557

Per 1 July 2022, the remuneration for Supervisory Board members has changed. The remuneration per membership of Supervisory Board Committees has been changed from a total amount for the membership to a payment per membership of a committee and the fixed remuneration has been reduced. In 2022, for a period of approximately seven months the Supervisory Board had a vacancy.

Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2023 (and 2022) and/or granted to members of the Supervisory Board during 2023.

Other intra-group balances and transactions

Athora Group maintains a number of active share plans and schemes, which includes a Management Equity Plan, a Long-Term Incentive Plan and an Employee Co-invest Plan.

Some (former) members within the Executive Committee and Supervisory Board were already part of management within Athora Group and continue participating in one or more of these plans. These plans and its requirements did not have an impact on Proteq's financial statements.

13 Events after the Reporting Date

Merger SRLEV and Proteq

On 8 March 2024, the intention to merge the entities SRLEV N.V. and Proteq Levensverzekeringen N.V. was published in a number of newspapers and in March 2024 letters have been sent to the policyholders of Proteq to inform them of our intention. The intended date of the merger is 30 June 2024. The merger will come into effect if all conditions are met, such as the approval by DNB and the statements of no oppositions by policyholders and creditors.

On the merger date, SRLEV will continue the activities of Proteq and will acquire all assets and liabilities of Proteq. Proteq will cease to exist. The financial data of Proteq will be accounted for in the financial statements of SRLEV as per 1 January 2024. The last financial year of Proteq will therefore end on 31 December 2023.

14 Insurance Service Result

BREAKDOWN OF INSURANCE SERVICE RESULT

In € thousands	2023	2022 Restated
Insurance revenue	7,944	8,282
Insurance service expenses	-6,160	-5,150
Net expenses from reinsurance contracts	-1	-2
Total insurance service result	**1,783**	**3,130**

Insurance Revenues

BREAKDOWN OF INSURANCE REVENUES

In € thousands	2023	2022 Restated
Amounts relating to changes in liabilities for remaining coverage		
CSM recognised for services provided	560	1,597
Change in risk adjustment for non-financial risk expired	488	984
Expected incurred claims and other insurance service expenses	6,896	5,701
Total insurance revenues	**7,944**	**8,282**

Insurance Service Expenses

BREAKDOWN OF INSURANCE SERVICE EXPENSES		
In € thousands	2023	2022 Restated
Claims and expenses as expected at the start of the year	-6,896	-5,701
Adjustments for:		
Current service higher (lower) claims and expenses for coverage this year	803	552
Future service, reversal of onerous contracts	-67	-1
Total insurance service expenses	-6,160	-5,150

Net Expenses from Reinsurance Contracts

BREAKDOWN OF NET EXPENSES FROM REINSURANCE CONTRACTS		
In € thousands	2023	2022 Restated
Amounts relating to changes in liabilities for remaining coverage		
Expected incurred claims and other insurance service expenses	-1	-2
Allocation of reinsurance premiums paid	-1	-2
Claims and expenses as expected at the start of the year	1	2
Adjustments for:		
Current service higher (lower) claims and expenses for the coverage of this year	-1	-2
Amounts recoverable from reinsurers	-	-
Net expenses from reinsurance contracts	-1	-2

The reinsurance premium relates to Terrorism coverage (NHT).

15 Result on Investments

BREAKDOWN OF RESULT ON INVESTMENTS		
In € thousands	2023	2022 Restated
Shares and similar investments	2,944	999
Bonds	23,517	-132,512
Derivatives (Interest Income)	-724	1,190
Other	1,349	105
Total	27,086	-130,218
Direct operating expenses	2,003	97
Attributable to insurance service expenses	-90	-68
Total expenses	1,913	29
Total investment result	25,173	-130,247

BREAKDOWN OF RESULT ON INVESTMENTS 2023					
In € thousands	Shares and similar investments	Bonds	Derivatives (Interest Income)	Other	Total
Interest income	-	7,720	-724	1,469	**8,465**
Dividend income	850	-	-	-	**850**
Revaluations	2,056	15,797	-	-	**17,853**
FX result	38	-	-	-120	**-82**
Total investment income	**2,944**	**23,517**	**-724**	**1,349**	**27,086**
Direct operating expenses					2,003
Attributable to insurance service expenses					-90
Total expenses					**1,913**
Total investment result					**25,173**

BREAKDOWN OF RESULT ON INVESTMENTS 2022 RESTATED					
In € thousands	Shares and similar investments	Bonds	Derivatives (Interest Income)	Other	Total
Interest income	-	7,643	1,190	97	**8,930**
Dividend income	1,250	-	-	-	**1,250**
Revaluations	-270	-140,155	-	-	**-140,425**
FX result	19	-	-	8	**27**
Total investment income	**999**	**-132,512**	**1,190**	**105**	**-130,218**
Direct operating expenses					97
Attributable to insurance service expenses					-68
Total expenses					**29**
Total investment result					**-130,247**

The result on investments for 2023 was driven by large positive revaluations of € 2,056 thousand on shares and similar investments and € 15,797 thousand on bonds compared to a negative revaluation last year. Stock markets rises which results in a positive revaluation for equities. Lower interest rates results in a positive revaluation for bonds and loans and deposits. The result was also positively affected by the interest income on bonds of € 7,720 thousand and the interest income on other of € 1,469 thousand. The continuous increase of short term interest rates over the course of 2023 have led to negative interest result on derivatives for 2023 where in 2022 there was a positive interest result on derivatives.

16 Result on Derivatives

The result on derivatives in 2023 (€ 2,872 thousand) is caused by changes in interest rates (2022: € -55,249 thousand). For further details, see Note 2 Derivatives.

17 Investment Result and Insurance Finance Income and Expense

BREAKDOWN OF INVESTMENT RESULT AND INSURANCE FINANCE INCOME AND EXPENSE		
In € thousands	2023	2022 Restated
Investment result		
Result on investments	25,173	-130,247
Result on derivatives	2,872	-55,249
Investment result	**28,045**	**-185,496**
Insurance finance income and expenses		
Insurance finance income or expenses	-5,745	152,114
Total insurance finance income and expenses	**-5,745**	**152,114**
Investment result and insurance finance income and expenses		
Total investment result and insurance finance income and expenses	**22,300**	**-33,382**

Investment Result and Insurance Finance Income and Expense

Total Investment result and insurance finance income and expenses in 2023 of € 22,300 thousand (2022: € -33,382 thousand) was driven by higher investment income and positive market variances. Market variances were positive in 2023 mainly due to the beneficial update of Illiquidity premium (ILP) on liability discount curve in line with our yearly Strategic Asset Allocation (SAA) update. Over 2022, the market interest rates for both assets and liabilities increased significantly. The impact on liabilities was more significant than assets, as the hedging strategy is based on the Solvency II framework. Resulting in an over-hedge on the IFRS equity position which had a negative impact on the result. The ALM policy of Proteq aims to mitigate financial risk through hedging of assets and liabilities thereby achieving appropriate resilience in its Solvency II position over time.

18 Other Operating Expenses

The other operating expenses overview reconciles to the statement of profit or loss. Staff costs and depreciation are explained in more detail in the next paragraph.

BREAKDOWN OF OTHER OPERATING EXPENSES		
In € thousands	2023	2022
Staff costs	-3,329	-2,112
Other expenses	-1,034	-1,135
Subtotal	**-4,363**	**-3,247**
Attributable to insurance expense	4,218	3,123
Total	**-145**	**-124**

Staff Costs

BREAKDOWN OF STAFF COST		
In € thousands	2023	2022 Restated
Salaries	-1,377	-1,044
Pension costs	-243	-173
Social security contributions	-180	-134
Other staff costs	-1,529	-760
Total	**-3,329**	**-2,112**

Staff costs amount to € 3,329 thousand (2022: € 2,112 thousand) and consist of staff costs recharged by Athora Netherlands N.V. The staff cost slightly increased as a result of a higher recharge by Athora Netherlands of staff costs.

Proteq's number of internal FTE's is 14 at the end of 2023 (2022: 12).

Other Expenses

BREAKDOWN OF OTHER EXPENSES		
In € thousands	2023	2022 Restated
IT systems	-407	-233
Housing	-29	-33
Marketing and public relations	-9	-
External advisors	-172	-453
Other costs	-417	-416
Total	**-1,034**	**-1,135**

Other expenses € 1,034 thousand (2022: € 1,135 thousand) include direct and indirect costs related to IT, marketing, external advisors and other expenses.

19 Other Finance Result

BREAKDOWN OF OTHER FINANCE RESULT		
In € thousands	2023	2022 Restated
Other interest and investment expenses	-28	-25
Total	**-28**	**-25**

20 Tax Expense or Benefit

BREAKDOWN OF TAX EXPENSE / BENEFIT		
In € thousands	2023	2022 Restated
In financial year	-	639
Corporate income tax due	**-**	**639**
Due to temporary differences	-6,239	7,205
Due to carry forward losses	206	-
Reversal of non-recoverable deferred tax assets	6,573	10,938
Deferred tax (including tax rate change)	**540**	**18,143**
Total tax expense / (benefit)	**540**	**18,782**

The corporate income taxes are irrevocable for the years up to and including 2021.

RECONCILIATION BETWEEN THE STATUTORY AND EFFECTIVE TAX RATE		
In € thousands	2023	2022 Restated
Statutory income tax rate	25.8%	25.8%
Result before tax	23,910	-30,401
Statutory corporate income tax amount	**-6,168**	**7,844**
Effect of participation exemption	135	-
Reversal of non-recoverable deferred tax assets	6,573	10,938
Total tax expense / (benefit)	**540**	**18,782**
Effective tax rate	-2.3%	61.8%

The effective tax rate of -2.3% differs compared to the nominal rate of 25.8%. This is mainly caused by the effect of participation exemption in 2023 and the result of the reassessment of deferred tax assets recoverability.

21 Fair Value of Financial Assets and Liabilities

21.1 Fair Value of Assets and Liabilities

The table below shows the fair value of Proteq's assets and liabilities. The total fair value shown below does not represent the value of the company as a whole.

FAIR VALUE OF ASSETS AND LIABILITIES				
	Fair value	Carrying amount	Fair value	Carrying amount
In € thousands	2023	2023	2022 Restated	2022 Restated
Financial assets				
Investments				
- Shares and similar investments	67,664	67,664	32,291	32,291
- Bonds	377,302	377,302	391,888	391,888
- Loans and deposits	12	12	12	12
Derivatives	93,090	93,090	97,955	97,955
Loans and advances due from banks	35,232	35,232	39,566	39,566
Other assets	213	213	701	701
Cash and cash equivalents	1,747	1,747	4,056	4,056
Total property and financial assets	**575,260**	**575,260**	**566,469**	**566,469**
Financial liabilities				
Derivatives	127,179	127,179	135,409	135,409
Amounts due to banks	4,153	4,153	3,150	3,150
Other liabilities	4,916	4,916	456	456
Total financial liabilities	**136,248**	**136,248**	**139,015**	**139,015**

The fair values represent the amount that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the reporting date. The fair value of financial assets and liabilities is based on quoted market prices, where observable. If prices in an active market are not available, various valuation techniques are used to measure the fair value of these instruments. Parameters used in such valuation techniques may be subjective and various assumptions are used, for instance for the discount rate and the timing and size of expected future cash flows. Changes in assumptions can significantly influence estimated fair values. The main assumptions for each item are explained in the section on fair value hierarchy below.

The carrying amount of financial assets and liabilities is shown including accrued interest.

21.2 Measurement of Financial Assets and Liabilities

The following methods and assumptions are used to determine the fair value of financial instruments.

Investments

The fair value of equities is based on quoted prices in an active market or other available market data. The fair value of interest-bearing securities, is also based on quoted market prices or if actively quoted market prices are not available, on the discounted value of expected future cash flows. These discounted values are based on the relevant market interest rate, taking into consideration the liquidity, creditworthiness and maturity of the investment.

Derivatives

The fair value of nearly all derivatives is based on observable market inputs, such as market interest rates and foreign exchange rates. The fair value of a number of non-publicly traded derivatives depends on the type of instrument and is based on a discounted value model or an option valuation model.

Other Assets

Given the predominantly short-term nature of other assets, the carrying amount is considered to be a reasonable approximation of the fair value.

Cash and Cash Equivalents

The carrying amount of the cash and cash equivalents is considered to be a reasonable approximation of the fair value.

Amounts Due to Banks

The fair value of amounts due to banks has been estimated based on the discounted value of the future cash flows, using the prevailing interest rate plus a risk premium. The risk premium is based on the credit risk assumed by the market for holding such instruments issued by Proteq Levensverzekeringen N.V., differentiated by maturity and type of instrument. The carrying amount of any amount that is due within one month is considered to be a reasonable approximation of the fair value.

Other Liabilities

The carrying amount of the other liabilities is considered to be a reasonable approximation of the fair value.

21.3 Hierarchy in Determining The Fair Value of Financial Instruments

The table below shows an analysis of assets measured at fair value on a recurring basis, categorised by fair value hierarchy in level 1, level 2 and level 3 for 2023 and 2022. Financial assets and liabilities not measured at fair value and whose carrying amount is a reasonable approximation of fair value are not classified by level.

FAIR VALUE HIERARCHY 2023					
	Carrying amount	Fair value			
In € thousands		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investments:					
- Shares and similar investments	67,664	67,664	-	-	67,664
- Bonds	377,302	373,058	4,244	-	377,302
- Loans and deposits	12	-	12	-	12
Derivatives	93,090	-	91,328	1,762	93,090
Loans and advances due from banks	35,232	35,232	-	-	35,232
Financial assets not measured at fair value					
Other assets	213	-	-	-	213
Cash and cash equivalents	1,747	-	-	-	1,747
Financial liabilities measured at fair value					
Derivatives	127,179	-	127,004	175	127,179
Financial liabilities not measured at fair value					
Amounts due to banks	4,153	-	-	-	4,153
Other liabilities	4,916	-	-	-	4,916

FAIR VALUE HIERARCHY 2022 RESTATED					
	Carrying amount	Fair value			
In € thousands		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Investments:					
- Shares and similar investments	32,291	27,221	-	5,070	32,291
- Bonds	391,888	391,521	367	-	391,888
- Loans and deposits	12	-	12	-	12
Derivatives	97,955	-	97,955	-	97,955
Loans and advances due from banks	39,566	39,566	-	-	39,566
Financial assets not measured at fair value					
Other assets	701	-	-	-	701
Cash and cash equivalents	4,056	-		-	4,056
Financial liabilities measured at fair value					
Derivatives	135,409	-	135,409	-	135,409
Financial liabilities not measured at fair value					
Amounts due to banks	3,150	-	-	-	3,150
Other liabilities	456	-	-	-	456

The table below shows the movements in financial instruments measured at fair value and classified in level 3.

STATEMENT OF CHANGES IN LEVEL 3 FINANCIAL INSTRUMENTS		
	Shares and similar investments	
In € thousands	2023	2022
Balance as at 1 January	**5,070**	**-**
Revaluations	2,901	-259
Purchases and advances	17,963	6,570
Disposals and redemptions	-3,439	-1,241
Change in the composition of group companies	-20,908	-
Balance as at 31 December	**1,587**	**5,070**
Total gains and losses included in profit or loss	2,901	-259

The following table below shows a breakdown of the investments that are categorised in level 3.

BREAKDOWN OF LEVEL 3 FINANCIAL INSTRUMENTS		
In € thousands	2023	2022
Equities	-	5,070
Derivatives	1,587	-
Total	**1,587**	**5,070**

General

A significant part of the assets and liabilities are recognised at fair value. The basis for determining the fair value hierarchy, all assets and liabilities for which fair value is measured or disclosed in the financial statements, are categorised within the 'fair value hierarchy' described as follows, based on the lowest level input that is significant to the fair value measurement. This level depends on the parameters used to determine fair value and provides further insight into the valuation. The levels are explained below:

Level 1 – Fair Value Based on Quoted Prices in an Active Market

Level 1 inputs to level 1 fair values are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date. Fair values of assets and liabilities traded on active markets are determined using quoted market prices when available. Financial instruments are considered as being quoted in an active market when quotes representing consensus are regularly provided by external pricing services with limited dispersion and prices are readily available.

Level 2 – Fair Value Based on Observable Inputs

Level 2 inputs to level 2 fair values are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a level 2 input must be observable for the full term of the instrument. Level 2 inputs include the following:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
- Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads).
- Market-corroborated inputs. Where Athora Netherlands uses broker quotes and no information as to the observability of inputs is provided by the broker, the investments are classified as follows:
- Where the broker quote is binding, or where the broker price is validated by using internal models with market observable inputs and the values are similar, Athora Netherlands classifies the investment as level 2.
- In circumstances where internal models are not used to validate broker prices, or the observability of inputs used by brokers is unavailable, the investment is classified as level 3.

Level 3 – Fair Value not Based on Observable Market Data

Inputs to level 3 fair values are unobservable inputs for the asset or liability including, as available and appropriate, internal data and other publicly available information. Fair value, in the first instance, is calculated using recognised pricing services, market participants or other sources. When market quotations are not available, a model-based approach (typically discounted cash flow) is used to determine fair value. Once valuations are performed, appropriate validation and review is completed to ensure the most appropriate valuation is applied at period end.

Proteq formulates the assumptions that are used to determine prices, with due reference to estimates of future cash flows and timing, maturity dates, volatility, risk premium and other relevant available information. Unobservable inputs may be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, it is worth noting that the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Examples are investment properties, certain private equity investments and private placements. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an orderly transaction between market participants under market conditions current at that date.

The fair value of property and financial instruments classified in level 3 is partly based on inputs that are not observable in the market. A sensitivity analyses is performed on the major holdings in Level 3 investments. The fair value of interest-bearing securities is calculated as the discounted value of expected future cash flows. The calculation method of sensitivities in this chapter is similar to the method used in calculating the sensitivities in chapter 7 however limited to fair value level 3 classified securities.

The expected future cash flows as well as the discount rate is also a significant unobservable input. These discounted values are based on the relevant market interest rate, taking into consideration the liquidity, creditworthiness and maturity of the investment. The fair value sensitivity on these securities is calculated based on the changes in one of the elements used to determine the discount rate.

Determination of fair values

Cash and cash equivalents, loans and advances due from banks and other receivables are carried at amortised cost. The estimated fair value for assets carried at amortised cost is determined to equal fair value because of their short-term nature. Proteq classifies sovereign, corporate bond securities, mutual funds and the majority of equities, excluding all private equity holdings, as level 1. The basis of the classification is that they are assessed as satisfying the Level 1 observable requirements and that the prices for these assets are readily available.

Level 2 assets include derivatives, loans and advances from banks, loans and deposits and unlisted debt securities based on market data. These assets are traded regularly however they do not have readily available, observable market prices. The basis for this classification is that fair value is derived from observable assets, either directly as available prices or derived indirectly from other quoted prices and utilised for these assets. The prices used are from: fund managers, who publish prices daily; and banks for derivatives, who use models that replicate the underlying market-traded instruments. Debt securities, in line with market practice, are generally valued using an independent pricing service. These valuations are determined using independent external quotations from multiple sources and are subject to a number of monitoring controls, such as monthly price variances, stale price reviews and variance analysis. Pricing services, where available, are used to obtain the third party broker quotes. Where pricing services providers are used, a single valuation is obtained and applied. When prices are not available from pricing services, quotes are sourced from brokers. Over-the-counter derivatives are valued using broker quotes or models such as option pricing models, simulation models or a combination of models. The inputs for these models include a range of factors which are deemed to be observable, including current market and contractual prices for underlying instruments, period to maturity, correlations, yield curves and volatility of the underlying instruments.

Level 3 assets are the remainder of assets where prices are derived from valuation techniques that include inputs for assets that are not usually based on observable market data, which require significant management judgement or estimation. The level 3 assets are investment properties, private securities, Residential mortgages loans, private credit , private equity and investment funds. Valuations of level 3 assets are determined with data inputs from asset managers or third party valuation experts and assurance reviews by auditors, which feed into an independent review of inputs and methodologies underlying these valuations by Proteq's management. Methodologies and assumptions used in these valuations may include, for example, yield methods using data of comparable listed entities, subject company transactions, discounted cash flows, property growth rates, longevity or liquidity premiums, as relevant to each asset class. Proteq reviews the valuation processes internally and with external investment managers and other professionals. This work gives comfort to management that the assets are valued in accordance with applicable regulation and guidance which results in the asset being valued appropriately. In the current year there have been no changes in the respective valuation techniques used.

Measurement of fair values categorised as level 3
The principal assets classified as level 3, and the valuation techniques applied to them, are described below.

Shares and similar investments
Private equity holdings are valued using a range of techniques, including earnings multiples, forecast cash flows and price-to-earnings ratios which are deemed to be appropriate but unobservable.

For equity securities the valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the illiquidity of the equity securities, and the revenue and EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of the investee. The estimate is adjusted for the net debt of the investee.

The significant unobservable input is the adjusted market multiple. The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower). Investment funds are valued by external fund managers subject to regulatory oversight and guidance. These external managers have experience in pricing these ‘difficult to value' assets which have limited, if any, observable data. The valuation approach will mirror those outlined above for equity securities and debt securities depending on the nature of the underlying investments in the funds. The valuation technique, the significant unobservable inputs and their range are included in the table below:

VALUATION TECHNIQUE SHARES AND SIMILAR INVESTMENTS			
		Range weighted average	
Valuation technique	Significant unobservable inputs	2023	2022
Multiple techniques amongst others : - Earnings multiples, - forecast cash flows and - price to earnings	Discount rate	n/a	10%-20%
	TEV/EBITDA	n/a	1x-10x

Interrelationship between the key unobservable inputs and fair value Valuation techniques applied to many of Proteq's level 3 instruments often involve the use of two or more inputs whose relationship is interdependent. For unlisted equity, the valuation techniques used vary depending on the nature of the investment. Reasonably possible alternative valuations for these investments have been calculated by reference to the approach taken, as appropriate to the business sector and investment circumstances and as such the following inputs have been considered:

- for valuations derived from earnings multiples, consideration is given to the risk attributes, growth prospects and financial gearing of comparable businesses when selecting an appropriate multiple; and
- the discount rates used in discounted cash flow valuations.

Derivatives
Proteq holds derivatives that have been classified as level 3 because they are not traded on an active market and are valued either using valuations of similar privately or publicly held assets, which include a significant unobservable liquidity adjustment, or are validated against internal models.

Derivative are valued by external investment managers using primarily discounted cash flow models and yield methods, whereby cash flows are discounted and modelled based on yield spread movements in comparable market yields as well as company specific factors. The fair value is estimated considering a net present value calculated using discount rates derived from quoted futures with similar characteristics.

Equities
The sensitivity of the fair value of equity securities is calculated as the movement in fair value of the equity securities in the event of a general shock in the market. In this calculation, the look through principal is taken into account. The impact on shareholders' equity of a -10% equity shock will be nil (2022: less than 1 million).

21.4 Collateral for Securities Lending and Repurchase Agreements and Derivatives

Proteq has ISDA and similar master netting agreements that do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreements a right to set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of Proteq or the counterparties, or following other predetermined events. In addition, Proteq and its counterparties do not intend to realise the assets and settle the liabilities simultaneously or to settle them on a net basis.

Proteq does not offset any other financial assets and financial liabilities in its statement of financial position.

The financial assets and financial liabilities set out in the table below are subject to an enforceable master netting agreement or similar agreement that covers similar financial instruments.

FINANCIAL ASSETS AND LIABILITIES 2023				
		Related amounts not off-set		
In € thousands	Gross and net amount	Recognised financial instruments	Cash collateral (received) pledged	Net amount
Financial assets				
Derivatives	93,090	-89,055	-4,035	-
Total financial assets	**93,090**	**-89,055**	**-4,035**	**-**
Financial liabilities				
Derivatives	-127,179	89,055	35,240	-2,884
Total financial liabilities	**-127,179**	**89,055**	**35,240**	**-2,884**

FINANCIAL ASSETS AND LIABILITIES 2022 RESTATED				
		Related amounts not off-set		
In € thousands	Gross and net amount	Recognised financial instruments	Cash collateral (received) pledged	Net amount
Financial assets				
Derivatives	97,955	-93,732	-3,150	1,073
Total financial assets	**97,955**	**-93,732**	**-3,150**	**1,073**
Financial liabilities				
Derivatives	-135,409	93,732	39,566	-2,111
Total financial liabilities	**-135,409**	**93,732**	**39,566**	**-2,111**

Following the adoption of IFRS 17 and IFRS 9, Proteq reviewed the parameters, processes and procedures used in the determination of the disclosures set out in the financial statements as a whole, including the collateral disclosure set out above. As a result of this review, the disclosures of offsetting financial assets and liabilities have been changed to improve insight in derivative exposures and better align with the IFRS disclosure requirements. The table shows a net exposure of derivatives and related cash and securities collateral amounts, which are netted based on separate ISDA agreements, as opposed to gross amounts based on single derivative values. The comparatives have been restated to conform with the current year presentation.

21.5 Maturity Schedule for Financial Liabilities

The table below shows the undiscounted cash flows from the principal financial liabilities, other than derivatives, by contract maturity date. In 2023 there were no undiscounted cash flows from the principal financial liabilities, other than derivatives.

LIQUIDITY CALENDAR FINANCIAL LIABILITIES 2023						
In € thousands	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Amounts due to banks	4,153	-	-	-	-	4,153
Total	4,153	-	-	-	-	4,153

LIQUIDITY CALENDAR FINANCIAL LIABILITIES 2022						
In € thousands	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Amounts due to banks	3,150	-	-	-	-	3,150
Total	3,150	-	-	-	-	3,150

The table below shows the undiscounted cash flows from all derivative contracts by maturity date.

LIQUIDITY CALENDAR DERIVATIVES 2023						
In € thousands	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Interest rate derivatives	46	6,627	-	120,505	-	127,178
Total	46	6,627	-	120,505	-	127,178

LIQUIDITY CALENDAR DERIVATIVES 2022 RESTATED						
In € thousands	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Interest rate derivatives	31	-	-	9,421	125,957	135,409
Total	31	-	-	9,421	125,957	135,409

The table regarding the cash flows from insurance business is included in chapter 7.6.2.1.

22 Hedging

Proteq uses various strategies for its insurance business to hedge its interest rate, market and currency risks. Under IFRS, derivatives are recognised at fair value in the statement of financial position, while changes in their fair value are recognised through profit or loss. Proteq does not apply hedge accounting.

The nominal amounts of the derivatives used for hedging purposes shown in the table below reflect the degree to which Proteq is active in the relevant markets.

DERIVATIVES FOR HEDGING PURPOSES 2023						
	Nominal amounts				Fair value	
In € thousands	< 1 year	1 - 5 years	> 5 years	Total	Positive	Negative
Interest rate contracts						
- Swaps and FRAs	45,000	533,650	1,281,000	1,859,650	92,272	-127,132
Currency contracts						
- Forwards	46,856	-	-	46,856	818	-46
Total	91,856	533,650	1,281,000	1,906,506	93,090	-127,178

DERIVATIVES FOR HEDGING PURPOSES 2022						
	Nominal amounts				Fair value	
In € thousands	< 1 year	1 - 5 years	> 5 years	Total	Positive	Negative
Interest rate contracts						
- Swaps and FRAs	75,382	188,950	1,198,000	1,462,332	97,956	-135,409
Total	75,382	188,950	1,198,000	1,462,332	97,956	-135,409

The nominals of the derivatives are not disclosed netted (positive and negative).

The nominal amounts are the units of account relating to the derivatives, specifying the relationship with the underlying values of the primary financial instruments. These nominal amounts are not an indication of the size of the cash flows or market and credit risks relating to the transactions.

23 Audit Fees

Pursuant to Section 382a(3) of Book 2 of the Dutch Civil Code, the company has availed itself of the exemption from disclosing the audit fees in the annual report. These disclosures have been included in the annual report 2023 of Athora Netherlands N.V.

24 Result Appropriation

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

The Executive Board proposes to the General Meeting of Shareholders to add the positive result for 2023 of € 24,450 thousand to the retained earnings of Proteq Levensverzekeringen N.V.

In accordance with the resolution of the General Meeting of Shareholders held on 25 May 2023, the negative result for 2022 of € 21,405 thousand, as reported in the annual report 2022, has been deducted from the retained earnings of Proteq Levensverzekeringen N.V.

Since the adoption of IFRS 17 and IFRS 9 per 1 January 2023 requires restatement of comparative figures, leading to a restated negative result for 2022 of € 11,619 thousand, this restated result has been deducted from the retained earnings of Proteq Levensverzekeringen N.V. in the annual report 2023.

7 MANAGING RISKS

7.1 Risk Management System

7.1.1 General

Athora Netherlands (and therefore Proteq) has implemented a Risk Management System (see figure Risk Management) that is aimed at a controlled and effective achievement of the strategic objectives. It relates risks to the strategic, financial and operational objectives as well as to the objectives in the areas of sustainability and reputation. The framework consists of organisational, control and culture components. The management of Athora Netherlands recognises that transparency is a vital element in effective risk management. The Executive Committee, which is responsible for setting the Risk Management System, monitors that the desired culture and level of risk awareness are translated into identifiable aspects, such as desirable behaviour, details of the risk appetite or criteria for evaluation of employees.

The guidelines in the Risk Management System enable risk assessments to be performed properly and efficiently. These guidelines apply to the entire organisation. Athora Netherlands encourages an open corporate culture in which risks are to be discussed, employees feel responsible to share knowledge on risks and (pro)active risk management is appreciated.

The implemented Integrated Control Framework (ICF), part of the Risk Management System, provides the basis for the internal control system consisting of key controls (process, general IT and application) and management controls measuring risk maturity and performance within Athora Netherlands.

The management of Business Lines and Functions is responsible for day-to-day operations within the Risk Management System, including scheduled testing of operating effectiveness of key controls. The Management Controls, divided in different components, are assessed periodically by a management Self-Assessment and are monitored risk-based by second line Risk.

7.1.2 Overview

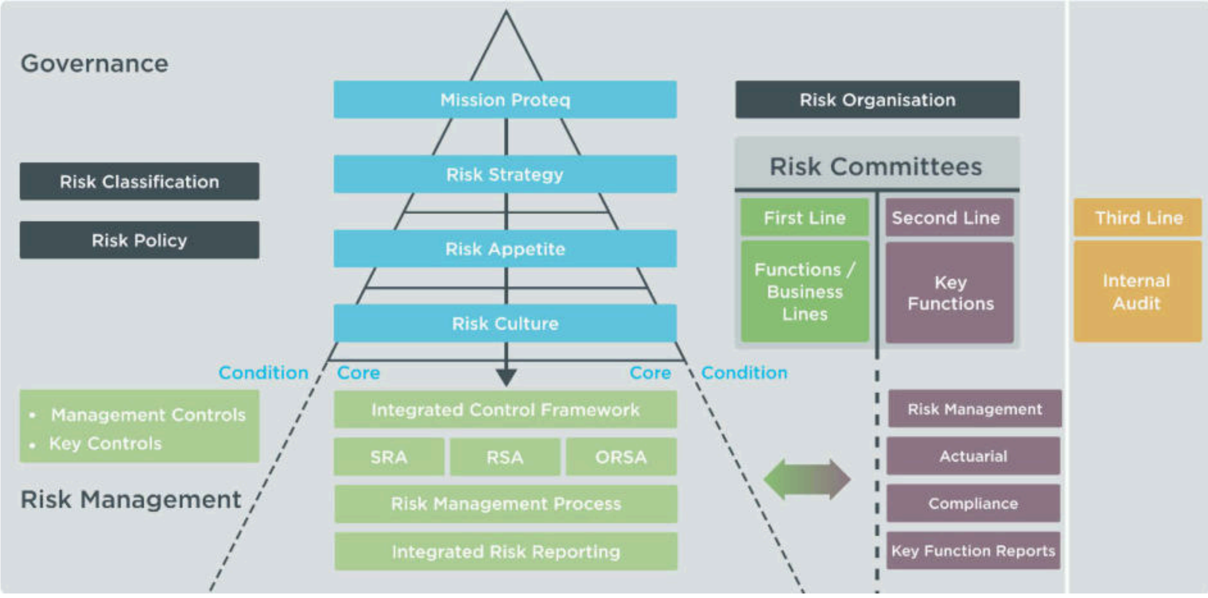
In the Risk Management System, specific Solvency II requirements such as the Key Functions and the Own Risk and Solvency Assessment (ORSA) are incorporated. The Athora Netherlands Risk Management System operates an integrated approach for risks that the organisation is or could be exposed to, with Risk Management being an integral part of the decision-making process. Major decisions of the Executive Committee have to be accompanied by a Key Function opinion.

The core of the Risk Management System consists of a Governance part and a Risk management part. In the governance part, starting from the Mission and business strategy, the Risk Strategy and Risk Appetite are derived. The components Risk Policy, Risk Taxonomy and Risk Organisation are necessary conditions to enable these strategic risk processes. To ensure an integrated approach the first line (Business Lines and Functions) and the second line key functions use the same risk taxonomy, operations are covered by the Risk Appetite and are aligned by a policy structure.

Governance including an adequate Risk Culture, is conditional for performing risk management on operational level, with as its core a control cycle of risk identification-measurement- mitigation and continuous monitoring and reporting. The Risk Management Process is supported by the ICF, built up from several components that together form the basis for sound and controlled business operations and hence for visibly being in control of Athora Netherlands (including Proteq) and its Business Lines and Functions. The ICF measures maturity and performance of risk management and ensures steering on correct and complete risk reports.

The internal reports are a part of (the operation of) the Risk Management Process. The reports on recognised types of risks are input for the integrated risk reports, enabling Key Risk Indicator (KRI) monitoring and drawing management attention to deviations of the risk appetite.

Athora Netherlands performs Risk Self Assessments (RSA) and Strategic Risk Assessments (SRA), enabled by the Risk Management Function (RMF). An ORSA is incorporated in the Risk Management System, enabled and coordinated by the RMF, and is performed at least annually, for which the Executive Committee is accountable.



Risk Management

7.2 Risk Management Governance

7.2.1 Mission

Athora Netherlands (including Proteq) aims to be a leading player in the pension and life insurance market. To achieve this aim and to fulfil the purpose "We are a sustainable partner for life, taking care of your tomorrow", Athora Netherlands has formulated the Ambition 2025 strategy. With this focus as starting point a Risk Strategy is set out that contributes to a sustainable growth of Athora Netherlands, for the benefit of all its stakeholders.

Athora Netherlands (and therefore Proteq) takes its role in society seriously. Environmental, social and corporate governance (ESG) forms an integral part of the strategy and business operations. Proteq believes that responsible corporate behaviour with respect to ESG factors is key to deliver long-term value for policyholders, employees, shareholders and the wider society. ESG trends and changes in regulation may also introduce considerable financial risks (on assets) and non-financial risks (e.g., reputational) and need careful management and consideration. Proteq aims to set the example and will actively but cautiously target sustainable investments.

Athora Netherlands wishes to offer competitively priced products in efficient business processes and pursues a customer-centric strategy, with Zwitserleven positioned clearly in the pension market. The focus on Pensions allows for a more agile and lean operation bringing costs to a lower required level.

7.2.2 Risk Strategy

Athora Netherlands (and therefore Proteq) has derived a Risk Strategy, a supporting set of objectives following from the Athora Netherlands' mission to achieve the strategic goals. As main principles Athora Netherlands has defined a robust capital position, a sustainable operating capital generation and sound and controlled business operations. A robust and strong capital position contributes to the trust in the company of customers, employees, society and financial markets.

The Risk Strategy contains the key guiding principles and statements used when setting the Risk Appetite for each risk category from the risk taxonomy. The risk appetite is the extent to which Athora Netherlands is prepared to accept/take risks in pursuit of realising its strategic objectives. As an insurance company and Asset manager, Athora Netherlands deliberately takes Insurance (Underwriting) risks and Market risks aiming for returns. In doing so, taking Credit (investments) risk and Liquidity risk may contribute to those returns. Operational and Compliance risks are inherent risks that have to be controlled and managed, as they are part of Athora Netherlands' license to operate and support being able to successfully execute our strategy.

Athora Netherlands guarantees future payments to its customers and therefore needs adequate reserving and a robust capital position. Athora Netherlands maintains a buffer above the regulatory requirement to absorb temporary volatility and provide more certainty to its customers.

7.2.3 Risk Appetite

The Risk Appetite Statement (RAS) of Proteq is divided into the Risk Appetites per risk type and the underlying Risk Tolerances. The Risk Appetite Statements are set at least annually by the Executive Committee and confirmed by the Risk Committee (RC) of the Supervisory Board.

Risk Appetite Framework

Risk Appetite is defined at Athora Netherlands level, including Proteq. The risk tolerances-part contains measures for the maximum risk that Proteq is willing to accept. These measures are defined for various sub-risks for every individual legal entity or specific Business Lines or Functions and are split into risk triggers (comparable to hard limits) and risk indicators (comparable to soft limits).

When implementing the strategy, the Executive Committee gives guidelines to the Business Lines for establishing Operational plans, taking into account the set Risk Tolerance in the Risk Appetite and corresponding limits on entity level. This helps the Business Lines and Functions optimise risk and return when developing the best possible products and services.

The evaluation of the Risk Tolerance in the Risk Appetite, consists of several steps, including risk identification, the selection of measures, risk mitigation, risk criteria, reporting and monitoring.

7.2.4 Risk Culture

Culture and conduct in general play a vital role in steering a company, and specifically in adequate risk management. Both are considered standard elements in performance evaluation meetings and in annual performance objectives. Proteq has awareness programmes in place that focus on how employees hold each other accountable for their conduct and how they can escalate matters if necessary.

Proteq's values are Drive for results, Seek simplicity, Care, Dare to be different and Do the right thing. These contribute to simpler, better and above responsible operations, with more care for customers and the world around us. This ensures a clear link with Culture and defined behaviours.

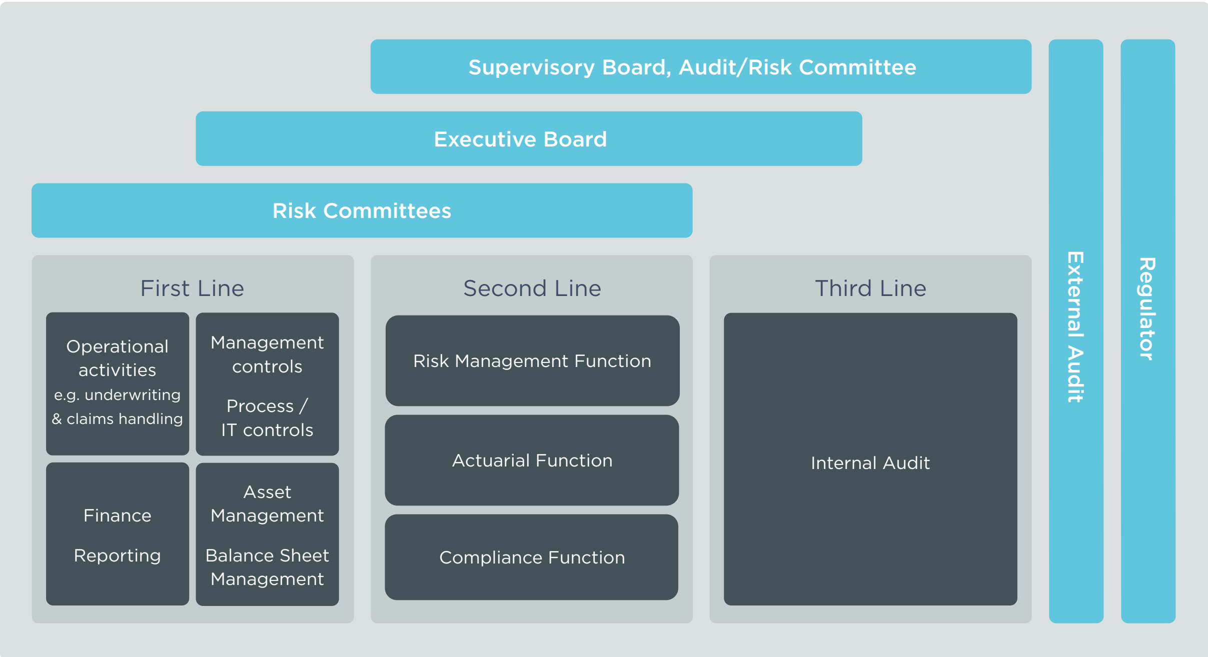
Proteq realises that the tone at the top is defining for Risk Culture, which makes communication and exemplary behaviour determinant. Proteq encourages an open corporate culture in which risks are to be discussed, employees feel responsible to share knowledge on risks and where (pro) active risk management is appreciated. Exemplary behaviour, the openness for discussion of dilemmas, practicability of policy and transparency are inseparably linked to an open corporate culture.

Risk Culture is also embedded in the organisation by risk management being an integral part of the organisational processes and decision-making of Proteq. Decision-making is clear, explicit, and in line with the Risk Policy and Risk Appetite of Proteq. The management teams of the Business Lines and Functions promote awareness of risks and are supported by the second line departments of the Risk organisation. The management teams are responsible for ensuring that risk decisions are made in accordance with the delegated authorisations, in consultation with all second line Solvency II key functions.

Furthermore, Proteq ensures that senior management and employees on key functions at all times are fit and proper to fulfil their job. Finally, the Remuneration Policy of Athora Netherlands discourages taking undesired and irresponsible risks focused on short-term profit and personal gain.

7.2.5 Risk Organisation

Proteq implemented the 'Three Lines' control model including the Solvency II Key Functions and a risk committee governance structure. It contributes to the strengthening of the Risk Culture, taking responsibility for managing risks and internal control, and eventually to the further optimisation and integration of the risk management.



Three Lines Control Model

First Line: Risk Taker

Business plans are prepared in the first line. With this preparation, the first line operationalises the (risk) strategy, focusing on the primary process (i.e., underwriting, claims handling, preparing financial accounts) of the business and on investment activities.

Within the policy framework and subject to internal procedures and risk limits, it is the objective of the risk taker to achieve an optimum risk/return. Consequently, risks are managed by identifying, measuring, mitigating and monitoring them and report whether the risks remain within the risk appetite of Athora Netherlands and its underlying entities, including Proteq.

Risk Self Assessments are carried out and in combination with the ORSA, these assessments could lead to changes in the (risk) strategy. For all these activities the first line has an active role in various risk committees including the ability to demonstrate management and process key controls according to the standards as set by the ICF.

Second Line: Risk Management

The second line has a monitoring role in respect of the risk management actions and activities carried out by the first line. The second line assesses actions in the first line and is responsible for monitoring the overall risk profile to be in line with the risk appetite.

The second line is also responsible for formulating the Risk Management System and setting Risk Policies. The first line is responsible for the execution of these policies. The second line assesses policy compliance on a regular basis, using risk reports, reports on management and process key controls and own observations. Furthermore, the second line sets the mandates in line with the risk appetite. It also defines basic principles and preconditions for risk models and the control framework and supports central decision-making bodies. The data used, including models, assumptions and techniques, are validated periodically.

The second line risk management organisation of Athora Netherlands, including Proteq, is part of the Risk department, resorting under the Chief Risk Officer (CRO). The CRO is a member of the Executive Committee.

Third Line: Internal Audit

Audit Athora Netherlands is the independently operating audit function: Audit Athora Netherlands provides assurance and consulting services, helping Athora Netherlands to accomplish its objectives by evaluating and improving the effectiveness of governance, risk management and control processes.

Audit Athora Netherlands does not take part in determining, implementing or steering of Athora Netherlands' risk appetite, risk management processes and risk responses. Audit Athora Netherlands reports to the chairman of the Executive Committee of Athora Netherlands and has direct access to the Chairman of the Audit Committee of the Supervisory Board of Athora Netherlands.

Audit Athora Netherlands performs risk-based audits on Proteq's risk management processes, including their design and how well they are working, on the management of key risks, including the effectiveness of the controls and other activities, and on the reliability and appropriateness of risks and reporting of risk and control status. This means formulating an opinion on whether the organisation’s risk management methodology is understood by key groups or individuals involved, including the Executive Committee and the Audit Committee. Further, Audit assesses whether risk management processes are sufficient to protect the assets, reputation, and ongoing operations of the organisation.

Risk Committees

In addition to the risk management organisation, Athora Netherlands (and therefore Proteq) has established Risk Committees to manage risks effectively, in line with regulatory expectations. Athora Netherlands has established the following Risk Committees: Finance and Risk Committee (FRC), Investment and Balance Sheet Committee (IBSC), Operational Risk and Compliance Committee (ORC Athora Netherlands) and Product & Client Committee (P&CC). Decisions of the ORC Athora Netherlands are leading for the local Business Lines and Functions MTs in the area of sound and controlled business operations. In the MTs, the issues regarding Operational Risk and Compliance are discussed. Decisions of the P&CC are leading for the local Business Lines MTs in the area of Product, Marketing, Customer/Clients and Pricing.

Key Functions

In accordance with Solvency II Athora Netherlands recognises four Key Functions. The Functions carry out activities on behalf of all insurance entities of Athora Netherlands, including Proteq. All Key Functions are segregated from each other and are not structured hierarchically in relation to each other. The second line Key Functions report to the CRO. The Director Risk is the Risk Management Function Holder, the Director Actuarial Risks is the Actuarial Function Holder and the Director Legal and Compliance is the Compliance Function Holder. The Director Audit Athora Netherlands is the Audit Function Holder.

The Risk Management Function (RMF) coordinates the Enterprise Risk Management Report (ERM Report), an integrated report on the overall risk profile with Key Takeaways from the three second line Key Functions (Risk

Management Function, Actuarial Function and Compliance Function). Besides the major risks within Athora Netherlands it shows strategic developments and emerging risks. The ERM Report presents issues compiled on the basis of the information obtained from monitoring reports, risk dashboards, RAS, Internal Control Statements, reports by internal and external regulators, incidents and issues reported, and own assessments & perceptions. The Risk opinion is discussed in the risk committees, in the Executive Committee and in the Risk Committee of the Supervisory Board.

The RMF annually provides the Risk Management Function Review Report, aimed at providing a sufficient level of assurance that the Solvency II-figures, and Solvency II and IFRS sensitivities, are determined adequate and reliable. This RMF report is submitted to the Executive Committee and the Audit Committee of the Supervisory Board.

The Actuarial Function (AF) opines on the adequacy of the Technical Provision used for IFRS-LAT and Solvency II purposes. It furthermore assesses the reliability and adequacy of Underwriting and Reinsurance programmes. The Actuarial Function Report (AFR) is submitted to the Executive Committee and the Audit Committee of the Supervisory Board.

Regularly the RMF and the AF submit an update based on the follow-up of findings in the AFR and RMF report, supplemented with recent findings and advice.

The main purpose of the Compliance Function is to support management in conducting its business operations in a controlled, honest and sound manner, and with regard to the risks which in this context are a threat to achieving the strategic objectives, obligations arising from laws and regulations, insights from social discussions and guidelines imposed by regulators. The Compliance Function provides regularly, as part of the ERM Report, a report on the most important Compliance Risks of Proteq to the Executive Committee and the Risk Committee of the Supervisory Board.

7.2.6 Risk Policy

Proteq has an integrated risk management policy structure. The entire policy structure is accessible to employees through the internal policy site. The policy structure ensures the timely identification and assessment of risks and adequate monitoring and reporting of the material risks, both on board and workplace level. The Risk Policy is structured in levels, the aim is to give insight in the cascading from (Solvency II) legislation, (second line) risk policy, corresponding processes and (first line) implementation. At least once a year the Risk Policies are assessed, adjusted if necessary and approved following regular governance.

7.2.7 Risk Taxonomy

Proteq provides insight into the risks for the business itself and for its stakeholders in order to manage these risks within the indicated tolerance levels. This includes both behaviour related and financial aspects of Risk Management. Clarity is crucial to ensure adequate risk management. In order to clarify the communication and management of risks, the risk taxonomy includes an extensive list of mutually exclusive risk types to which Proteq is or could be exposed.

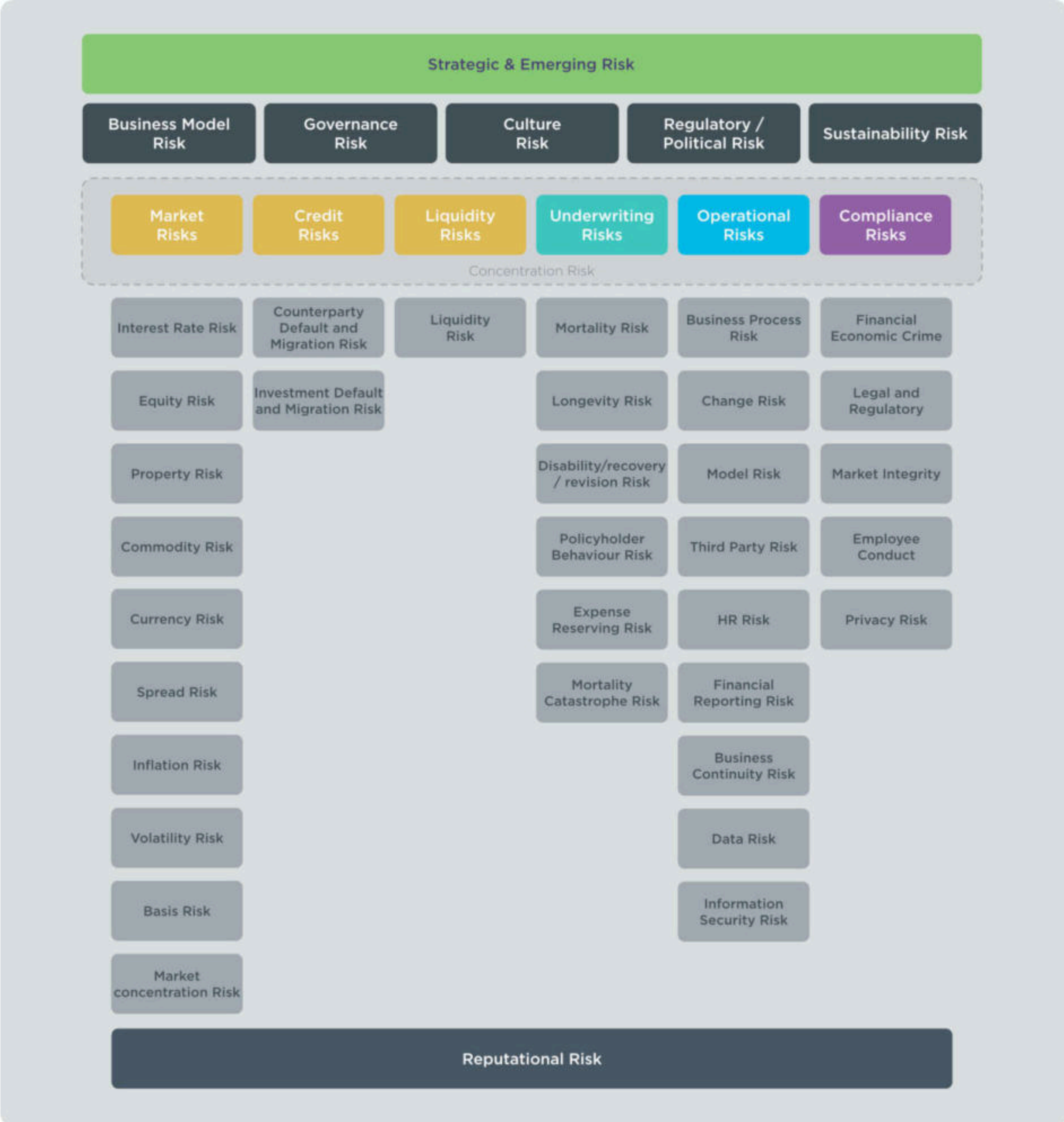
Proteq has defined and structured different risk types, partly based on applicable laws and regulations (such as Solvency II Standard Formula), and on the international ORX Reference Taxonomy.

As part of its strategy, Proteq deliberately takes Underwriting risks and Market risks aiming for returns. As a consequence, taking Credit (investments) risk and Liquidity risk may contribute to those returns. Compliance risk and Operational risks are inherent risks that have to be controlled and managed.

Strategic and emerging Risks

Strategic and emerging risks relate to future business and society developments and may eventually materialise as one of the main or sub risk types. Strategic and emerging risks are monitored in the Enterprise Risk Management Report. In the risk assessment on the Operational Plans several internal and external strategic development scenarios are taken into account.

Proteq recognises several strategic risks, from which Business model risk, Governance risk and Sustainability risks are most notable. Emerging risk is a newly developing or changing risk that may evolve to one of the main or sub risk types, and which is perceived to have a potential significant impact on Proteq's financial strength, competitive position or reputation. Identifying and assessing emerging risks are incorporated in the risk management system.



Risk Taxonomy

Proteq applies the Solvency II Standard Formula. Not all of the risk categories are part of the Solvency Capital Requirement (SCR) calculation. The SCR calculation does not contain Liquidity, Model and Compliance Risk.

The risk categories will be explained in more detail in the next paragraphs.

To give more insight in the risks the company is exposed to, sensitivities are determined on best effort basis for different underwriting and market risks in paragraph 7.5 and further. For underwriting risks and spread risks the sensitivities shown are the estimated impact on own funds without recalculating the SCR after shock. For the other market risks the sensitivities shown are the estimated impact on own funds including the estimated impact on the SCR market and life underwriting risk after shock.

7.3 Risk Control

Risk Management Control can be described as the methodology, procedures and processes in place to be demonstrably in control. These risk management control instruments and their results are captured within the Integrated control Framework (ICF). Both the first and second line departments have been assigned a responsibility in this process.

7.3.1 Integrated Control Framework

The Integrated Control Framework (ICF) is Proteq's internal control system and is part of its Risk Management System. The objective of the ICF is to provide reasonable assurance regarding the design, effectiveness and efficiency of Proteq's management activity, operations and processes, the reliability of Proteq's financial, operational, internal and external reporting, and compliancy with regulatory requirements.

The ICF contains core components that form the basis for a sound and controlled operational environment within Proteq. For all components within the ICF, standards are defined and periodically evaluated that outline the key requirements that should be met to achieve the level of control according to the agreed risk appetite levels.

The ICF forms the basis for sound and controlled operations within Proteq, measures the maturity of risk management and monitors process Key Controls and Management Controls. The improvement and optimisation of the ICF is a continuous process. Proteq's organisation develops and changes over time and the ICF continuously adapts to new situations.

7.3.2 Risk Management Cycle

Financial and non-financial risks are managed following the risk management cycle: risk identification, risk measurement, risk mitigation, risk monitoring and risk reporting.

Risk Identification

Risks are identified to its strategic objectives and at all levels within the organisation. Several different approaches are used such as risk assessments, analysis of incidents, and leveraging the experience of its employees and its competitors, including the consideration of emerging risks. Risk identification is both considered from top-down and bottom-up bases. Proteq maintains a Risk Taxonomy to facilitate the risk identification process The Risk Taxonomy also serves as a major organizing principle for its risk control, risk oversight activities and risk reporting.

Risk Measurement

In order to understand the magnitude of the exposure of the identified risks, risks are measured. The measurement of risks supports the risk management process through quantitative controls and limits. Risk measurement involves either or both qualitative and quantitative approaches depending on the nature of the risk and taking account of expert judgement and considering both normal and stressed scenarios. The level of risk is measured before and after considering additional mitigating measures.

Risk Mitigation

The risk mitigation activities (avoid, transfer, mitigate and accept) are aimed at controlling risks within the boundaries set by the risk appetite.

Risk Monitoring

In order to ensure that risks stay within the risk appetite, they are monitored. Within the monitoring activities both the first line and second line take their role. Given the outcome of the monitoring activities Proteq can determine the most appropriate course of action. The goal of risk monitoring is to ensure that Proteq carefully controls its risk-taking decisions as well as its total risk profile.

Risk Reporting

The primary objective of risk reporting – defined as all regular and ad hoc reports by first and second line – is to create internal risk transparency and meet external disclosure requirements. Objectives are to provide stakeholders with accurate and timely information about material risk issues by means of concise and understandable messages, to design reports so that they optimally meet recipients' needs and to facilitate informed decision-making.

7.3.3 Process Controls and Management Controls

Testing of Effectiveness

Process controls
Periodically the effectiveness of process key controls is tested according to a predefined schedule. Based upon a quarterly cycle the first line performs testing activities for process key controls. Results are reported within first line risk reports which are reported to the ORCs of the different organisation units and to the ORC Athora Netherlands. The review results are discussed with, reported to and followed up by responsible first line management. The second line in addition performs an independent quality review on the first line test reports and provides maturity scores on quality of the testing files. First line testing and second line quality monitoring of key controls show the right level of maturity.

Management controls
Management controls (i.e., entity level controls) provide an understanding and insight in the maturity level of risk management and risk control in the different organisation units Management controls are designed on the basis of relevant legislation (e.g., WFT, Solvency II) and internal risk management and compliance policies. The individual management controls are tested annually by the first line in a self-assessment process. The second line review results are reported to the different organisation units and, on an aggregated level, to the ORCA.

The professional standards and scoping used for testing by Proteq's first and second line are assessed by the external auditor in order to, as much as possible, make use of these testing procedures for audit purposes.

7.3.4 Risk Management Process

In this section for Underwriting Risk, Market Risk and Counterparty Default Risk the Risk Management Process is elaborated. For Liquidity Risk and Model Risk this is included in sections 7.8 and 7.9.

7.3.4.1 Underwriting Risk

Proteq assesses new underwriting risks continuously and manages existing underwriting risks, for both new business and for the existing portfolio.

Operational Plan

Derived from the Proteq strategy, the Operational Plan (OP) sets targets with respect to volume and value of new business and the existing portfolio. The OP describes the planned development of the insurance portfolio together with the related capital requirement for the next three years taking into account an assigned risk budget or available capital. The OP sets out in broad terms whether Proteq wants to enter new markets, which forms of distribution will be used, whether new (forms of) insurance products will be developed, and which products will be adjusted or terminated. It also lays down possible measures relating to acceptance and the mitigation of claims.

Product Development, Pricing and Acceptance

In accordance with the OP, new or adjusted products are developed following the Product Approval and Review Process (PARP). Starting from the customer's interests the target group, coverage and terms and conditions are determined. This is the basis for the best estimate risk premium, taking into account options and guarantees, capital requirements and the internal pricing curve. Furthermore, criteria related to profitability and risk control measures (acceptance criteria, clauses, any reinsurance) must be met.

The Product Committee (PC&C), in which Solvency II second line Key Functions are represented, is responsible for approval of new products, including the pricing. A selling product review is performed regularly, existing products follow a risk-based product review calendar.

Technical Provisions

The provision is calculated monthly and any reserves that are inadequate are increased. The most recent insights as to the IFRS 17 parameters are involved. The Actuarial Function assesses the Solvency II Technical Provision and expresses an opinion on its reliability and adequacy at least once a year.

Parameter Study

The evaluation for long-term policies (Life, Disability) of the underwriting parameters (e.g., mortality, lapses, disability, recovery) takes place by a parameter study. The aim of this study is to value the existing insurance portfolio and set the cost price of new Life insurance policies. Thereby relevant information on portfolio developments is taken into account.

Portfolio Analysis

Portfolio analysis is aimed to optimise risks and returns within the risk policy structure. This can lead to new strategic insights in areas such as entering new markets or terminating products. The analysis is based on the impact of underwriting risks following from various measures, e.g., Solvency II own funds, long-term profitability, SCR and the VNB. Based on the risk appetite, Proteq mitigates underwriting risks primarily by means of diversification and reinsurance.

7.3.4.2 Market Risk

Our ALM policy covers the management of market risk, counterparty default risk and liquidity risk.

The starting point for the ALM policy is the current and projected balance sheet and capital outlook, which is drawn up annually. The BSA seeks to find an optimum between risk and return within the preconditions that apply with regards to solvency, laws and regulations. This BSA is used as a basis for defining a Strategic Asset Allocation (SAA), which is in turn used to translate specific investment activities into an investment plan and investment mandates for selected asset managers, taking into account the risk tolerances in the Risk Appetite Statements (RAS), solvency ratio, the tax position and the long-term risk exposure. When finalising the SAA, specific attention is paid to the availability of sufficient expertise in the segments in which investments are held. All investments are monitored by means of reports on performance and capital.

Investments are made in accordance with the prudent person principle and in the interest of the policyholders. The prudent person principle forms part of the ALM policy. Investments are made exclusively in assets and instruments for which the risks are properly identified, measured, monitored, managed, controlled and reported, but also comply with ESG principles.

The way Proteq has organised its investment governance and oversight for both Own Account and Unit Linked ensures that the investment process operates in the context of (and ensures consistency with) the nature and duration of the insurance and re-insurance liabilities, the strategic and financial plans, the Risk Strategy and ensures that the overall risk position remains within the Risk Appetite Statement and other risk limits.

Proteq monitors market risk end for mitigation, instruments are used such as interest rate swaps, inflation swaps, futures, forward contracts, interest rate swaptions and fixed income investments.

Sensitivity Analyses and Stress Tests

Stress tests provide information on how sensitive investments and liabilities are to interest rate risk and other market risk. These risks are quantified (and monitored) on a regular basis.

For interest rate risk several parallel and non-parallel shocks are defined. For market risk a number of combined scenarios is determined with (different) simultaneous shocks to the various sub-market risks.

These market risk scenarios are monitored and reported on a regular basis, and if deemed necessary adjustments are made to existing market risk exposures (e.g., interest rate risk). The aim is to mitigate interest rate risk through hedging, to achieve appropriate resilience in Proteq capital position over time.

This approach reflects the sensitivity of the entire statement of financial position (of fixed cash flows, options, risk margin and required capital) drawn up.

7.4 Capital Management

7.4.1 Definition

Capitalisation refers to the extent to which Proteq has capital available to cover unforeseen losses and to achieve the strategic objectives of the company. Proteq manages its capitalisation within limits set in the Risk Appetite Statements. Annually the Capital & Funding Plan is produced, which is part of the Integrated Management Plan. Monthly and quarterly forward-looking monitoring enables Proteq taking timely action if capitalisation would deteriorate. Proteq assesses its capitalisation regularly with respect to level and quality.

7.4.2 Capital Policy

Proteq aims for a robust capital position, which contributes to both the confidence that clients have in the institution and access to financial markets. Proteq deems a Solvency II ratio above 175% as a normal going concern level. The objective of the Capital Policy is to ensure that there is sufficient capital to fulfil obligations towards policyholders under adverse scenarios. The available capital of Proteq has to meet internal risk appetite standards as well as external requirements of regulators, rating agencies and also includes commercial considerations. Capitalisation generally refers to the relationship between risk-bearing activities and available regulatory capital (own funds). The second objective of the Capital Policy is to ensure that capital is used as efficiently and flexibly as possible to facilitate the implementation of Proteq's strategy.

A preparatory crisis plan exists, which describes the procedure that applies in a contingency situation in which a capital deficit arises, or threatens to arise, that poses a direct threat to the going concern of Proteq. In its Risk Appetite, Proteq has defined specific triggers that determine whether a contingency situation exists. The emphasis of these triggers is on capital metrics, and these are linked to governance and management measures. Proteq's Capital Policy forms the basis for lower-level policies, process descriptions and procedures.

Management uses the Integrated Management Plan, including Capital and Funding Plan, Balance Sheet Assessments, Risk Dashboards, ORSA, Preparatory Crisis Plan and Risk Reporting for managing the capital position. The Capital and Funding Plan describes the medium-term activities relating to capital and funding, including a five-year solvency forecast.

7.4.3 Regulatory Framework

Solvency II is a risk-based regime consisting of three pillars. Pillar 1 regulates the capital requirements. Insurers should be capitalised adequately to mitigate their risks. Therefore, this pillar introduces two risk weighted measures: the Minimum Capital Ratio (MCR), and the Solvency Capital Ratio (SCR). Pillar 2 demands an adequate level of risk management and governance. Pillar 3 establishes standards of transparency. Currently, Solvency II is under review by EIOPA and the European Commission; the impact of envisaged changes is being investigated by Proteq.

7.4.4 ORSA

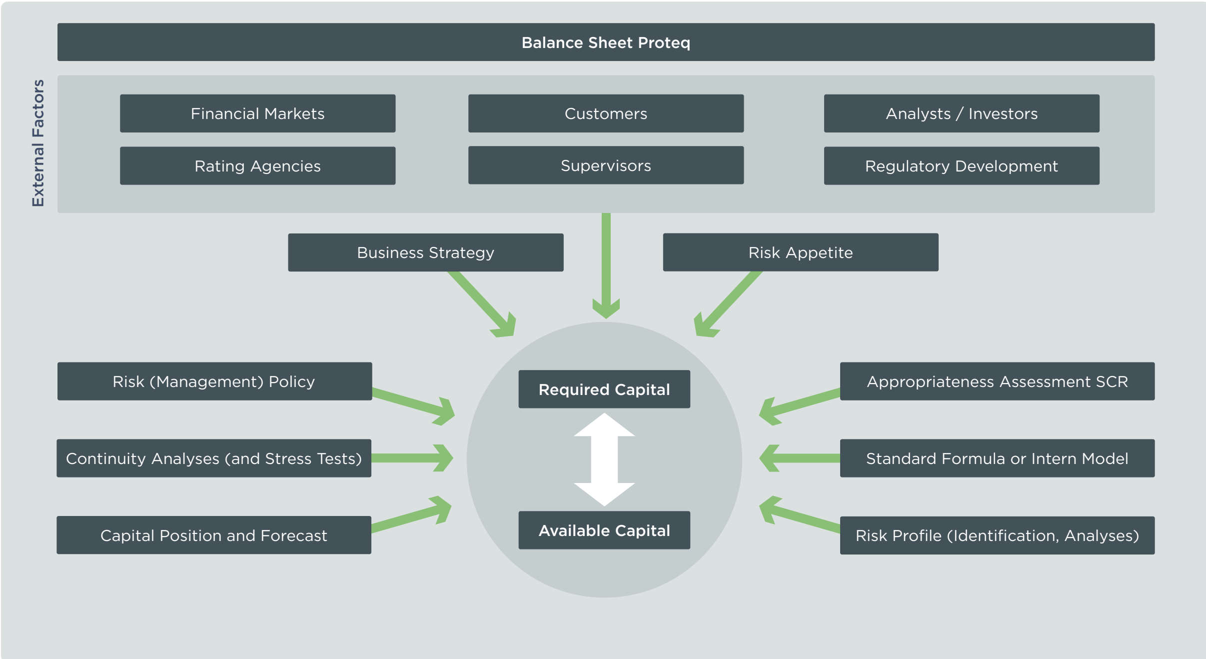
As part of its risk-management system Proteq conducts its own risk and solvency assessment (ORSA). That assessment includes:

- the overall assessment of solvency taking into account the specific risk profile, approved risk tolerance limits and the business strategy of Proteq;
- the significance in which the risk profile of Proteq deviates from the assumptions underlying the SCR calculated with the standard formula.

The ORSA is an integral part of Proteq's management control cycle and is filed with the regulator.

7.4.4.1 ORSA Process

The ORSA considers external factors, the business strategy, future developments, the risk profile and risk appetite to assess the amount and quality of capital. An overview is shown in the figure below.



ORSA Process

Proteq performs the ORSA annually and if any significant change in its risk profile occurs. The Executive Committee is accountable and actively involved. The appropriateness of the risk measurement is assessed and adequacy of capital is tested against a range of stressed scenarios thereby considering the possible effect of management actions.

7.4.4.2 Scenario Tests and Mitigating Action

An extensive risk identification process takes place. The identified risks are subject to a range of stress scenarios, which are severe but plausible, to test the financial position of Proteq. This is in contrast to the Preparatory Crisis Plan, in which the scenarios should be severe enough to create a direct threat to the going concern of Proteq.

For all scenarios in the ORSA mitigating management actions have been assessed.

7.4.4.3 Main Conclusions

Proteq concludes that the standard formula is an appropriate risk management for Proteq's risk profile and Proteq's solvency is adequate for protecting its policy holders. Risks that are out-of-scope of the standard formula have been identified in risk assessments, examined in stress scenarios and mitigated by managerial actions where appropriate. The quality of Proteq's capital is sufficient. Proteq complies with capital requirements and has sufficient liquidity. Proteq expects operating capital generation will improve by moving towards our strategic asset allocation, making the organisation more efficient and simultaneously growing the pension business.

7.4.5 Preparatory Crisis Plan

On 1 January 2019 the new law on Recovery and Resolution of insurers (*Wet herstel en afwikkeling van verzekeraars*) came into force in The Netherlands. As a result of this law, Proteq has established a Preparatory Crisis Plan. In a Preparatory Crisis Plan an insurance group identifies its core businesses and sets out the possible key recovery measures to be taken in a situation of financial distress. The Preparatory Crisis Plan includes early warning indicators for emerging crises, a crisis management governance framework and the management actions Proteq has at its disposal in a crisis situation to maintain its core businesses viable for the future. The effectiveness of the management actions is evaluated using different stress scenarios.

7.4.6 Capital Position

In 2022, as part of Proteq's strategy to achieve profitable growth for our company, Athora Netherlands remained focused on improving operating capital generation. For example, by asset deployment, gradually rebalancing, achieving an increase in result on investments within the appropriate risk limits. By improving the business contribution by further optimising the risk profile (by Balance Sheet Management initiatives) taking into account the Risk Appetite.

The Solvency II ratio of Athora Netherlands increased to 202% at 31 December 2023 from 197% at 31 December 2022.

For more details see the AOC of the Solvency II ratio.

Solvency II Ratio

Proteq falls under the Solvency II regulatory framework and complies with the guidance notes on the interpretation of Solvency II as published by the supervisory authorities EIOPA and DNB.

For internal purposes, Proteq calculates the Solvency II position on a quarterly basis and updates monthly this position in the intervening months. Proteq calculates its position under Solvency II using the standard formula, applying the Volatility Adjustment (VA) and thus making use of the possibility of applying long-term guarantee measures. Proteq does not apply the Matching Adjustment. The required and available capital (own funds) under Solvency II are determined on the basis of information at year-end. The yield curve used, including the Ultimate Forward Rate (UFR), Credit Risk Adjustment (CRA) and VA, is published by EIOPA.

For the euro the UFR was 3.45% in 2023.

Under Solvency II, capital is called 'eligible own funds' and is divided into three tiers. These tiers reflect the ability to absorb capital losses, with Tier 1 being the highest capital quality and Tier 3 the lowest. Proteq does not have 'ancillary own funds' which require supervisory approval.

The following table shows the breakdown of the eligible own funds, starting from shareholders' equity:

BREAKDOWN OWN FUNDS		
In € millions	2023	2022
Shareholders' equity	63	65
Reconciliation IFRS-Solvency II	3	-2
Total available own funds	**66**	**63**
Tiering restriction	-21	-8
Total eligible own funds	**45**	**55**

The key items of the reconciliation between IFRS shareholders' equity and Solvency II own funds are:

Reconciliation Differences IFRS-Solvency II

The reconciliation encompasses the following significant differences in measurement under Solvency II and under IFRS:

- Technical provisions – Under Solvency II the technical provisions (including provisions for savings mortgages) are measured using Solvency II parameters, taking into account current market estimates. With respect to economic parameters used, there are differences regarding the interest rate curve and the cost of capital. The difference in the interest rate curves arising from different IFRS Illiquidity Premium versus the Solvency II Volatility Adjustment and differences in the Last Liquid Point are the main drivers for the development of the reconciliation of IFRS and Solvency II. The difference also stems from the exclusion of Operational Risk in the calculation of IFRS 17 Risk Adjustment as compared to Solvency II Risk Margin.
- Deferred Tax Assets – Due to differences in the calculation method and the resulting recoverability and in the valuation of assets and liabilities the resulting DTA position is different.

Tiering Restriction

The use of own funds of different tiers is subject to certain limits under Solvency II. These limits are related to the required capital or Tier 1 capital, and is applied to define the Eligible Own Funds. These limits can cause a difference between the Available Own Funds and the Eligible Own Funds. In 2023 Proteq has no tiering restriction.

The table below shows the eligible own funds, the Solvency Capital Requirement and the resulting Solvency II ratio.

BREAKDOWN TIERING					
	Tier 1		Tier 2	Tier 3	Total
In € millions	Unrestricted	Restricted			
Eligible own funds to meet the SCR 2023	41	-	-	4	**45**
Eligible own funds to meet the SCR 2022	51	-	-	4	**55**

Tiering restriction

The use of own funds of different tiers is subject to certain limits under Solvency II. These limits are related to the required capital or Tier 1 capital, and is applied to define the Eligible Own Funds. These limits cause a difference between the Available Own Funds and the Eligible Own Funds.

The Tier 3 restriction became applicable. The Tier 3 restriction consists of the net DTA position restricted to maximum of 15% of the SCR. Ineligible own funds were € 21 million at the end of 2023.

SOLVENCY II RATIO		
In € millions / percentage	2023[1]	2022[2]
Eligible own funds	45	55
SCR	22	28
Solvency II Surplus	23	27
Solvency II ratio	202%	197%

1 Regulatory Solvency II ratio 2023 is not final until filed with the regulator

2 Figures as filed with the regulator

Development Solvency II Ratio

The development in 2023 of the Solvency II ratio is explained by the analysis of change as presented in the graphs below. The movement consists of the categories Operating Capital Generation, Market Impacts, One-off items, Capital flows and Other.

Operating Capital Generation is defined as the change of eligible own funds minus the SCR change. The overall principle is that this is a long-term and stable metric. Elements are the expected release of risk margin and SCR, the expected excess spread, the expected UFR drag and the (insurance) experience variance.

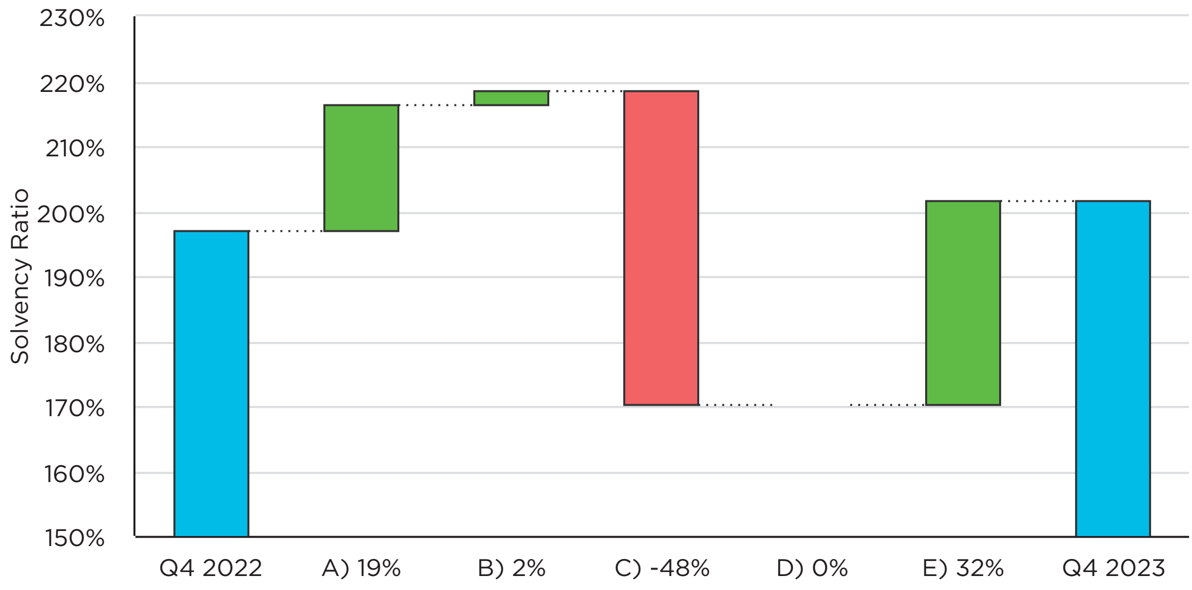
In Market Impacts Movements in assets and liabilities due to economic environment changes, other than the expected part in the operating capital generation. Next to these movements, also the change caused by the Volatility Adjustment is taken into account.

One-off items include the impact of events like changes in coverage of the longevity reinsurance contracts, the UFR decrease, Balance Sheet Management actions like investment deployments, interest rate hedge adjustments and changes in models and assumptions.

Capital flows, e.g., capital injections, issuance of (subordinated) loans, coupon payments on (subordinated) loans, dividends paid.

Other, includes the difference in actual changes in the Deferred Tax Asset and Deferred Tax Liability versus the tax included in the operating capital generation.

Proteq



The estimated movement in Solvency II ratio over 2023 is driven by:

A) Capital Generation (+/+19%)

The operating capital generation during 2023 was mainly driven SCR plus risk margin release, partly offset by the UFR drag.

B) Market Impacts (+/+2%)

Market impacts had a positive impact on the Solvency II ratio. The main driver was the interest rate movement.

C) One-off Items (-/-48%)

One-off items had a negative impact of 48%-point on the Solvency II ratio, mainly due to updates to expense assumptions.

D) Capital Flows (+/+0%)

No capital flows in 2023.

E) Other (+/+32%)

Includes the increase of the percentage of loss absorbing capacity of deferred taxes (LAC DT).

7.4.7 Risk Profile

SOLVENCY CAPITAL REQUIREMENT		
In € millions	2023	2022
Life underwriting risk	21	22
Market risk	8	9
Counterparty default risk	7	2
Diversification	-9	-7
Basic Solvency Capital Requirement	**27**	**26**
Operational risk	2	2
Loss-absorbing capacity of technical provisions	-1	-
Loss-absorbing capacity of deferred taxes	-6	-
Net Solvency Capital Requirement	**22**	**28**

Diversification reflects that not all risks will materialise at the same time and at their full magnitude resulting in diversification between different risk types.

Interest rate shocks can also have an impact on the loss-absorbing capacity of technical provisions (LAC TP). Article 83 of the Delegated Regulations requires to report this impact separately from the SCR Interest rate scenario. In case of an interest-up scenario, Solvency II regulation prescribes a zero LAC TP.

When determining the Net Solvency Capital Requirement, the loss-absorbing capacity of deferred taxes may be set off against the Basic Solvency Capital Requirement. Proteq has examined whether, following a loss of the same size as the (pre-tax) SCR shock, future profits will be sufficient to be able to recover, partially or fully, the change in deferred tax assets caused by that loss.

For Solvency II and IFRS the recoverability of the DTA is tested using the same model and assumptions. The non-recoverable amount for IFRS is based on a single scenario of the recoverability calculation, and for Solvency II the non-recoverable amount is based on the weighted average of multiple scenarios, including future new business.

Relevant regulation and current guidance (Delegated Regulation, Level 3 guidelines, Dutch Central Bank Q&A's and IAS12) is taken into account in the development of the LAC DT methodology.

The risk categories are explained in more detail in the next section. To give more insight in the risks the company is exposed to, sensitivities are determined on best effort basis for different underwriting and market risks in the next sections. For underwriting risks and spread risks the sensitivities shown are the estimated impact on own funds without recalculating the SCR after shock. For the other market risks the sensitivities shown are the estimated impact on own funds including the estimated impact on the SCR market and life underwriting risk after shock.

7.5 Underwriting Risk

7.5.1 Risks - General

The underwriting risk is the risk that the own funds, earnings or solvency are insufficient to make payments (either now or in the future) from premium and/or investment income owing to incorrect and/or incomplete assumptions (mortality, longevity, claims, policyholder' behaviour, catastrophes, interest and expenses) used in the development of the product and the determination of its premium. The interest rate risk related to insurance products is part of the market risk.

7.5.2 Life

7.5.2.1 Risk Categories

The underwriting risk in the Life business includes the significant sub-risk categories of mortality risk, longevity risk, lapse risk, catastrophe risk and expense risk. Proteq is also exposed to interest rate risk in the context of guarantees for both IFRS and Solvency II.

Mortality Risk and Longevity Risk

The risk most typically associated with Life insurance policies is mortality and longevity risk. These risks mainly affect the duration and timing of the payment of the insured cash flows. Mortality risk indicates the risk for the company of the policyholder dying earlier than expected. In the case of a life benefit, the longevity risk for Proteq is that the policyholder might live longer than expected.

To derive the longevity assumptions, Proteq uses the latest model published by the Netherlands Actuarial Association (Projection table AG2022) which combines mortality rates of several European countries with those of the Netherlands. The assumptions are reviewed annually. Proteq further reviews and if required updates the empirical figures for portfolio mortality on the basis of research into observed mortality within the Life portfolio.

Lapse Risk

Lapse risk reflects the impact of policyholder' behaviour, such as surrender (the policyholder terminates the policy before the maturity date) or conversion to a paid-up status (the policyholder terminates the regular premium payment before the maturity date).

Life Expense Risk

Proteq is exposed to expense risk as actual expenses may exceed expense loadings included in the pricing calculation. This relates to changes in the level, trend or volatility of the costs related to the fulfilment of insurance or reinsurance contracts.

Proteq uses a moderate going concern assumption to derive the expense assumptions. This means that it takes into account portfolios that decline in size owing to growth from new policies failing to keep pace with the expiry of existing policies. As a result, it will be harder to spread fixed costs over a declining total number of policies.

Interest Rate Guarantee Risk

In traditional insurance policies and unit-linked investment policies with an interest rate guarantee, Proteq bears the interest rate risk on the investments that are held to cover the obligations to policyholders. When a benefit or annuity payment is due, Proteq pays the policyholder a predetermined nominal amount.

The following table indicates which risks are associated with specific products for the Life insurance portfolio of Proteq.

PRODUCTS IN THE LIFE INSURANCE PORTFOLIO (SOLVENCY II)								
Product	Product features		Risks per product					
	Guarantee	Profit-Sharing	Mortality	Longevity	Cata-strophe	Lapse	Expense	Disability
Funeral insurance	Insured capital	√	√	√	√	√	√	

7.5.2.2 Life Insurance Portfolio

The individual Life insurance portfolio mainly consists of funeral policies.

The next table provides an overview of the product portfolio.

SCOPE OF VARIOUS INSURANCE CATEGORIES 2023				
	Insurance revenue		Insurance contract liabilities	
In € millions	2023	2022	2023	2022
Individual traditional insurance policies	7,944	8,282	400,970	409,638
Total	**7,944**	**8,282**	**400,970**	**436,114**

7.5.2.3 Life Reinsurance

Proteq has an integrated reinsurance programme for the life and disability portfolios. A Catastrophe reinsurance contract for mortality and disability was concluded as an umbrella cover for the different sub portfolios together, with a cover from € 15 million up to € 90 million. Terrorism is covered via a reinsurance pool (NHT).

7.5.2.4 SCR and sensitivities

The table below shows the SCR of the underwriting risk Life.

SCR LIFE UNDERWRITING RISK		
In € millions	2023	2022
Mortality risk	6	6
Longevity risk	2	2
Lapse risk	2	3
Life expense risk	17	17
Life catastrophe risk	-	-
Diversification	-6	-6
SCR Life underwriting risk	**21**	**22**

As Proteq's portfolio consists of funeral insurances only. The main drivers of life underwriting risk are life expense risk and mortality risk. The expense risk decreased slightly, mainly due to the increase of interest rates.

Proteq's portfolio of funeral policies is not directly exposed to longevity risk. However, in case policyholders live longer than expected, expenses will be higher.

Mortality Risk

The capital requirement for life mortality risk is equal to the loss in basic own funds resulting from an instantaneous permanent increase of 15% in the mortality rates used for the calculation of the technical provisions. The increase in mortality rates will apply only to insurance policies for which the increase in mortality rates leads to an increase in technical provisions, without risk margin, being the best estimate provision.

Longevity Risk

The capital requirement for life longevity risk is equal to the loss in basic own funds resulting from an instantaneous permanent decrease of 20% in the mortality rates used for the calculation of the technical provisions. The conditions for the calculation are the same as those specified in relation to life mortality risk, although in this case it concerns an increase in the best estimate provision in the event of a falling mortality rate. The groups whom this concerns will generally be those that are less affected by the life mortality risk.

Disability-morbidity Risk

This risk is not present in the portfolio, the effect of the shock is set to 0.

Lapse Risk

The capital requirement for life lapse risk is equal to the largest of the following capital requirements:
- The capital requirement for the risk of a permanent increase in lapse rates. This is equal to the loss in basic own funds of insurance and reinsurance undertakings that would result from an instantaneous permanent increase of 50%.
- The capital requirement for the risk of a permanent decrease in lapse rates. This is equal to the loss in basic own funds of insurers and re-insurers that would result from an instantaneous permanent decrease of 50%.
- The capital requirement for mass lapse risk. This is equal to the loss in basic own funds that would result from a discontinuance of 40% of the policies.

Year end 2023 Proteq was sensitive for the mass lapse risk shock.

Life Expense Risk

The capital requirement for life-expense risk is equal to the loss in basic own funds that would result from the following combination of instantaneous changes:
- an increase of 10% in the amount of expenses included in the calculation of the technical provisions;
- an increase of 1 percentage point in the cost inflation rate (expressed as a percentage) used for the calculation of the technical provision.

The above shock is applied to all Proteq's continuing operating expenses.

Life Catastrophe Risk

The capital requirement for life catastrophe risk is equal to the loss in basic own funds resulting from an instantaneous permanent increase of 0.15 percentage points to the mortality rates in the following twelve months.

The increase in mortality rates will apply only to insurance policies for which the increase in mortality rates leads to an increase in technical provisions, without risk margin, being the best estimate provision.

Diversification

Not all risks will materialise at the same time and at their full magnitude resulting in diversification between different risk types.

Sensitivities

The value of the Life insurance portfolio is sensitive to changes in the underwriting parameters used for calculating the fair value of liabilities. In order to obtain information on these sensitivities, the effects of changes in mortality rates, surrender rates (including conversions to non-contributory policies) and expense assumptions, including inflation, are calculated separately. The most material items have been disclosed.

The Solvency II ratio to changes in the underwriting parameters are the sensitivities to longevity, expense and inflation risk. Due to the long-term nature of the Life insurance portfolio these sensitivities are sensitive for interest rate movements.

The Solvency II ratio sensitivities for underwriting parameters are based on the estimated impact on own funds without recalculating the SCR after shock.

SENSITIVITY AS A RESULT OF CHANGES IN UNDERWRITING PARAMETERS		
	Solvency II ratio	
In %	2023	2022
10% lower mortality rates for all policies (longevity risk)	14%	13%

7.6 Market Risk

7.6.1 Risks - General

Market changes may materially impact on the value of the assets and liabilities of the insurance business. To manage the mismatch between the assets and liabilities an Asset and Liability Management (ALM) framework is in place in order to optimise between risks and returns and ensure that Proteq's operations remain within its risk appetite.

Market risk is the risk arising from changes in the level or volatility of market prices of financial instruments which impact on the value of the assets and liabilities of Proteq. The ALM-framework aims to properly reflect the structural mismatch between assets and liabilities, with respect to the duration thereof.

The following sub-market risks have been defined: interest rate, equity, property, spread, inflation, basis, concentration, currency and volatility risk. Proteq achieves its financial objectives by managing these risks adequately. This is done by reducing losses due to movements in the level and/or volatility of market prices of financial assets, liabilities and financial instruments.

Compared to Solvency II (standard model) market risk classification, Proteq recognises three additional market risks, namely inflation, volatility and basis risk.

7.6.2 SCR Market Risk

Exposure to market risk is measured under the Solvency II regime using adverse movements in financial variables. The main driver of market risk is the Solvency Capital Requirement for spread risk and to lesser extent the Solvency Capital Requirements for Equity and interest rate risk.

The relevant types of market risk in Solvency II are displayed in the table below:

SCR MARKET RISK		
In € millions	2023	2022
Interest rate risk	5	2
Equity risk	-	2
Property risk	-	-
Spread risk	5	7
Concentration risk	-	-
Currency risk	-	-
Diversification	-1	-2
SCR market risk	9	9

7.6.2.1 Interest Rate Risk

Interest rate risk is a key component of Proteq's market risk profile. Interest rate risk arises when the interest rate sensitivities of the assets and liabilities are different and it is expressed as movements in the capital position if market rates change.

Nominal Insurance Liabilities by buckets

The table below presents nominal cash flows arising from insurance liabilities, net of reinsurance (liabilities) by maturity segment.

CASH FLOWS FROM INSURANCE BUSINESS 2023							
In € millions	< 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	> 20 years	Total
Insurance liabilities - Life	17	59	71	72	71	376	**666**
Total	**17**	**59**	**71**	**72**	**71**	**376**	**666**

CASH FLOWS FROM INSURANCE BUSINESS 2022							
In € millions	< 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	> 20 years	Total
Insurance liabilities - Life	16	58	72	75	66	378	**665**
Total	**16**	**58**	**72**	**75**	**66**	**378**	**665**

The cash flows from the underwriting provisions concern cash flows with a nominal guarantee. This does not include cash flows driven by options and guarantees and the risk margin. The cash flows arising from the underwriting provisions are estimated on a best estimate basis. Assumptions are made of mortality, surrender and costs. A change in assumptions can alter the view of the cash flows in the table. The cash flow projections do not include future profit-sharing. Also the Ultimate Forward Rate (UFR) introduces a risk. It limits the interest rate sensitivity of value of the cash flows of the liabilities included in the table above. Over the course of time, this downward pressure of the UFR on the interest rate sensitivity of the in-force liabilities will disappear.

Solvency Capital Requirement

The capital requirement for interest rate risk is determined on the basis of two scenarios in which the risk-free yield curve is exposed to shocks affecting both assets and liabilities. The first scenario is ‘interest rate up’ and the second ‘interest rate down’. The capital requirement for interest rate risk is defined by the scenario which has the most negative impact on basic own funds. The sign of the SCR interest rate shock (up or down) is based on the net SCR interest rate risk in accordance with SII legislation and the gross SCR interest rate risk determines the size of SCR interest rate risk.

The interest rate scenario used for the up and down Solvency II shocks are prescribed; being in effect a non-parallel up shock with a minimum of 100 bps and a non-parallel down shock, both shocks decreasing for longer maturities and both without re-applying the UFR.

SCR INTEREST RATE RISK		
In € millions	2023	2022
SCR interest up shock	-	-2
SCR interest down shock	-5	-1
SCR interest rate risk	**5**	**2**

Sensitivities

Proteq uses a scenario-based approach to control the sensitivity of solvency to market conditions, such as interest rates and spreads. The key solvency metric to express the risk is based on the regulatory solvency reported to the Dutch Central Bank (DNB). This method is chosen because Proteq has decided to use regulatory solvency as the principal factor in managing market risks.

Over the course of time, the positive valuation effect of the UFR reduces, which puts downward pressure on the trend in solvency in the future. EIOPA annually re-calculates the UFR in accordance with the methodology to derive the UFR.

For the Euro the calculated target UFR for 2023 was 3.45.%. Per 1 January 2024 the applicable UFR will decrease to 3.30%, this will have a negative impact on solvency.

The tables below show the sensitivity of the IFRS result, IFRS equity and Solvency II ratio to changes in interest rates as a result of a decrease or an increase by 0.50% of the interest rates (maintaining the UFR at 3.45%), decreases in the UFR of 0.15% and 0.5% and the impact of the VA on the Solvency II ratio.

Under IFRS the impact of different UFR is slightly different than under Solvency II due to tiering and the VA (not applicable under IFRS).

SENSITIVITY		
	Solvency II ratio	
In %	2023	2022
Interest +50 bps	17%	-5%
Interest -50 bps	-1%	4%
UFR -15 bps	-10%	-8%
UFR -50 bps	-32%	-34%
Excluding VA	-54%	-47%
Inflation +100 bps	-3%	0%

Proteq's interest rate hedging policy aims to ensure that obligations towards policyholders are fulfilled in both the short-term and the long-term. In addition, it aims to enable its providers of capital to receive a reasonable return (in terms of fair value) that is in line with Proteq's risk exposure and to stabilise the solvency ratio. Proteq manages its interest rate risk by stabilising the Solvency II ratio after an up or down interest rate shock, taking the UFR into account.

7.6.2.2 Equity Risk

The SCR for equity risk is equal to the loss in fair value of the basic own funds in the event of a sudden shock to equities including a so-called symmetric adjustment. This adjustment corrects the equity shock for the difference between the current level of global equity prices and a long-term average and can vary between a minus 10% adjustment and a plus 10% adjustment.

SCR for equity risk consists of type 1 and type 2 equities. Type 1 equities are equities listed in regulated markets which are members of the EEA or OECD. Type 2 equities are equities listed in countries other than members of the EEA and/or OECD, non-listed equities, private equities, hedge funds, commodities and other alternative investments.

The SCR for equity risk is defined as the aggregation of the capital requirement for type 1 equities and the capital requirement for type 2 equities, allowing a correlation of 0.75 between types 1 and 2.

Athora Netherlands does not apply the transitional arrangement for type 1 equities.

SCR EQUITY RISK		
In € millions	2023	2022
Type 2 equities	-	2
Equity risk	**-**	**2**

The equity risk of Proteq decreased due to divesting.

7.6.2.3 Spread Risk

Spread risk is defined as the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of the credit spread above the risk- free interest rate term structure. The spread risk for the insurance business arises in the fixed-income investment portfolio, which includes securitisations, loans, corporate and government bonds that are sensitive to changes in credit risk surcharges. Increasing credit risk surcharges have a negative effect on the fair value of underlying bonds.

The SCR for spread risk is determined by calculating the impact on the eligible own funds due to the volatility of credit spreads over the term structure of the risk-free rate. The required capital for spread risk is equal to the sum of the capital requirements for bonds, loans and structured products. The capital requirement takes into account the fair value, the modified duration and the credit quality category.

SCR SPREAD RISK		
In € millions	2023	2022
Bonds and loans	5	7
Spread risk	5	7

Spread risk decreased mainly due sales of parts of our bond portfolio.

Credit risk surcharges are also a source of basis risk in the valuation of insurance liabilities. The basis risk relates to the risk of a mismatch between the interest rate used in the valuation of the liabilities and the interest rate used for the asset portfolio. This basis risk mainly emanates from the risk that movements in the interest rate on the EU government bonds held in portfolio will not be in line with movements in the swap rate.

The swap curve (including UFR) is currently used when discounting insurance liabilities under IFRS. A change in the swap curve has a direct impact on the value of the insurance liabilities. This leads to volatility in the available capital, as the interest rate used for the valuation of the investment portfolio differs from the relevant swap curve for the insurance liabilities.

Under the Solvency II regime the swap curve with a prescribed Ultimate Forward Rate (UFR) is used when discounting insurance liabilities, adjusted for credit risk (CRA) and a Volatility Adjustment (VA). The VA moves along with the credit spreads, but still substantial basis risk exists because the VA is based on a reference portfolio instead of Proteq's own asset portfolio, and also a 65% scaling factor is applied to determine the VA. For managing market risks a number of combined scenarios is determined with (different) simultaneous shocks to risk categories. In this scenario-based approach among others credit spreads, volatility (interest rate volatility and equity volatility) and best estimates for the VA are taken into account.

While interest rate risk regarding the Solvency II ratio sheet is well matched, there remains significant volatility as the credit risk profile of Proteq differs from the profile implied by the Volatility Adjustment (VA).

Under Solvency II an increase of credit spreads also leads to an increase of the Volatility Adjustment impacting the value of the liabilities. Proteq assumes that an increase of all credit spreads of 50 bps leads to an increase of the VA of 23 bps, an increase of 50 bps on corporates to an increase of the VA of 13 bps and an increase of 50 bps on government bonds to an increase of the VA of 9 bps.

SENSITIVITY		
	Solvency II ratio[1]	
In %	2023	2022
Credit spreads Government Bonds +50 bps	-43%	-49%
Credit spreads Corporates +50 bps	42%	15%
All Credit spreads +50 bps	-19%	-25%

1 An increase of credit spreads also leads to an increase of VA, impacting the value of the liabilities.

7.6.2.4 Concentration Risk

Concentration risk is defined as all risk exposures associated with a potential loss that is significant to endanger the solvency or financial position of insurance and reinsurance undertakings.

A concentration risk charge is prescribed under Solvency II when the issuer exposure exceeds a certain percentage threshold of the asset base depending on the credit rating of the issuer and the type of investment. The SCR for concentration risk is calculated on the basis of single name exposure.

Proteq still holds substantial investments in German and Dutch government bonds and supranational issuers which are excluded from (the Solvency II scope of) concentration risk. As of 31 December 2023, the applicable Solvency II thresholds have not been exceeded and as a result no concentration risk charge was applicable to Proteq.

7.6.2.5 Currency Risk

Currency risk is defined as the sensitivity of the value of assets and liabilities to changes in the level or volatility of exchange rates.

Proteq is not exposed to currency risk.

7.6.2.6 Volatility Risk

Volatility risk is defined as the risk of losses due to changes in (implied) volatilities (interest rate and equity). The volatility risk is not material.

7.6.2.7 Diversification

Not all risks will materialise at the same time and at their full magnitude, resulting in diversification between different risk types. Solvency II prescribes a correlation matrix for the diversification effect in the SCR Market Risk module in order to aggregate the results of the types of market risks. This leads to a lower amount of total Market Risk compared to the sum of the individual market risk types. Solvency II furthermore prescribes that a downward SCR interest rate shock will be more correlated with an equity, spread and property shock compared to an upward interest rate shock.

At 31 December 2023, Proteq had a net balance sheet exposure to a downward interest rate shock.

7.7 Counterparty Default Risk

7.7.1 Risks - General

Proteq defines counterparty risk as the risk of potential losses of own fund as a result of defaults of counterparties and debtors of Proteq within the next twelve months.

The SCR Counterparty Default Risk covers risk-mitigating contracts such as reinsurance arrangements, derivatives, security lending and repos, and cash at bank, retail mortgages and receivables from intermediaries, as well as any other credit exposures not covered by the SCR Spread Risk.

For each counterparty, the overall credit risk exposure of Proteq to that counterparty is measured, irrespective of the legal form of its contractual obligations. Its calculation also takes into account collateral or other security held by or for the account of Proteq and the risks associated therewith.

Fixed-income Investment Portfolio

The counterparty risk within the fixed-income investment portfolios of Proteq is the risk that an issuer of a bond or a debtor of a private loan does no longer meet its obligations. Proteq has an internal Risk Policy Counterparty Risk that sets limits to exposure to counterparties, including fixed income investments, in terms of loss give default.

Counterparty exposure limits are one of the constraints when the strategic asset allocation is determined in the context of ALM for each Investment Category. Counterparty exposure limits are also considered when setting up mandates with asset managers.

Derivatives Exposure

The counterparty risk related to the fair value of the derivatives held by Proteq with a counterparty is managed by means of a Credit Support Annex (CSA) agreement in accordance with standard industry practice. These agreements stipulate that derivatives are mark-to-market daily, i.e., collateral (in liquid instruments) must be exchanged on a daily basis based on the underlying fair value of the derivatives to cover the counterparty default risk.

7.7.2 SCR Counterparty Default Risk

The counterparty default risk module reflects the possible loss as a consequence of defaults and deterioration in the credit standing of counterparties over a 12-month period. The SCR for the counterparty default risk is determined by aggregating the capital requirements of type 1 and type 2 exposures.

Type 1 exposures are exposures that have low diversification effects and for which the counterparty is likely to have an external rating. Solvency II treats the following as type 1 exposures:

- risk-mitigation contracts, including reinsurance arrangements, special purpose vehicles (SPVs), insurance securitisations and derivatives;
- cash at bank;
- deposits with ceding undertakings;
- commitments received by an insurance or reinsurance undertaking which have been called up but are unpaid;
- legally binding commitments which the insurer has provided or arranged and which may create payment obligations depending on the credit standing of a counterparty.

The capital requirement for counterparty default risk on type 1 exposures depends on the loss-given-default (LGD) and the probability of default (PD) of every single name exposure. The PD depends on the creditworthiness of the single name exposure.

Type 2 exposures consist of all exposures to which the capital requirement for spread risk is not applicable and which are not of type 1. In general, these are diversified exposures which do not have an external rating. Solvency II explicitly mentions the following exposures in the context of type 2:

- receivables from intermediaries;
- policyholder debtors;
- mortgage loans which meet a set of requirements.

The capital requirement for counterparty default risk on type 2 exposures as defined by EIOPA is equal to the sum of 90% of the LGD of receivables from intermediaries due for more than three months and 15% of the LGD of other type 2 exposures.

The SCR for counterparty default risk is determined by aggregating the capital requirements for type 1 and type 2 exposures with a correlation of 0.75 between types 1 and 2. This gives rise to diversification between type 1 and type 2 capital requirements because not all risks will materialise at the same time and at their full magnitude.

COUNTERPARTY DEFAULT RISK		
In € millions	2023	2022
Type 1 exposures	7	2
SCR counterparty default risk	7	2

The increase in SCR counterparty default risk for type 1 exposures is mainly due the increase of the market value of derivatives.

7.8 Liquidity Risk

7.8.1 Risks - General

Liquidity risk is defined as the risk that Proteq would have insufficient liquid assets to meet its financial obligations in the short-term, in a going concern situation or in times of a stress situation, or if obtaining the necessary liquidity would mean incurring unacceptable costs or losses.

The liquidity risk is monitored and managed both at consolidated level and at legal entity level separately as no risk capital is charged according to the standard formula of Solvency II.

7.8.2 Policy

The policy of Proteq is to have more liquidity available than it is required to hold based on internal risk management minimum levels. The objective of the internal risk management minimum levels is to ensure that Proteq is able to fulfil its obligations towards policyholders and all legal obligations.

The liquidity risk policy uses three sources of liquidity:

1. the cash position;
2. the liquidity buffer;
3. the liquidity contingency policy.

Cash position

The first source of liquidity concerns the cash position. This position is built up from the cash management process from investments management and cash management process from underwriting and operating activities. In the investments cash management process all cash flows from investments are managed by our investment managers.

Proteq has taken into account that all obligations to policyholders must be respected and that these obligations will be paid throughout the underwriting and other operating cash management process. If at any time these obligations exceed the premium income additional cash will be transferred from the investment cash management process. Equally, when premiums exceed the payments in the operational cash management process, cash will be transferred to the investments cash management process, for the purpose of the investing excess cash (temporarily).

Liquidity buffer

The second source is the liquidity buffer. Together with the cash position, the liquidity buffer forms the overall liquidity position of the entity. The liquidity buffer is a good indicator for the overall liquidity position of Proteq and includes all available assets and the impact of prescribed shocks in a stress scenario, including the respective liquidity needs in these scenarios for the margining of derivatives. Furthermore, on the asset side Proteq applies liquidity tiering and assigns a liquidity value for various time horizons and scenarios. Monitoring of the liquidity buffer accounts for an important part of the daily activities of Proteq.

Liquidity contingency policy

The last source of liquidity relates to a situation in which the normal liquidity and buffers turn out to be insufficient. In case of such a contingency, Proteq has implemented a Crisis Management Team (CMT) structure and a predefined set of potential management actions. The CMT must take timely action in rapidly deteriorating liquidity circumstances in order to avoid default or bankruptcy that could occur in the worst case and/or to settle all of the obligations under the insurance portfolio in an orderly manner.

7.8.3 Monitoring

To monitor and estimate the liquidity balance available for covering the requirements of collateral and the funding necessities coming from investment commitments and other discretionary investment activities, a weekly liquidity overview is calculated considering three elements: Portfolio breakdown with liquidity focus, collateral demands for variation margin in shock scenario and funding plan based on investment commitments in the different mandates and other potential discretionary investment activities. This liquidity overview is focused on the following time horizons, T+0, T+2, T+1w, T+1m and T+3m, to measure the liquid assets available after meeting the different cash demands.

Portfolio Breakdown

In this part all the assets in the portfolio are classified in different groups (or Tiers) according to its capacity to be converted in cash in a timely manner:

PORTFOLIO TIERING BREAKDOWN		
Asset Liquidity Tiering	Asset Type	Liquidity
Tier 1 (<3y)	Money Market Funds	Very High
	EUR Sovereigns AAA	
	EUR Sovereigns AA	
	Reverse Repurchase Operation	
Tier 2 (<3y)	EUR Sovereigns A	High
	EUR Sovereigns BBB	
	JPY Sovereigns	
Tier 3 (<3y)	Other Sovereigns	Medium
	SSA Securities	
	SSA Securities others and covereds	
Tier 4 (>3y)	EUR ABS	Low
	NL WSW & SSA Loans (avg duration <3yrs)	
	>3y other sovereigns	
	>3y EUR sovereigns AAA/AA/A/BBB	
Tier 5 (Short duration credit)	Dual Recourse Loans	Low
Tier 6 (Externally managed)	Commercial Papers	Low
	Cash, MMF and <3y IG	
	Liquid Credit	
	Cash and Cash equivalent at Luxemburg funds	
Tier 7	Mortgages	Very Low

Being the assets classified in Tier 1 those with the highest convertibility into cash in the shortest period of time and those in Tier 7 the assets that can be cash converted after assuming high transactional costs and taking a longer period of time.

Collateral Requirements

The daily requirement for variation margin in the derivatives portfolio is the main source of liquidity risk for Athora Netherlands (and therefore Proteq), in this sense trying to anticipate the variation margin that would need to be posted under a stress scenario is critical in the liquidity management. This stress scenario is calibrated in Bloomberg MARS, based on the 99.5% Value at Risk of the different risk factors that affect the fair value of the derivatives in the portfolio. A minimum liquidity reserve for variation margin is calculated for the time horizons under the scope of the liquidity overview.

	Diversified margin requirement in shock scenario
Liquidity reserves for variation margin	Variation margin: Interest Rate shock
	Variation margin: Inflation shock
	Variation margin: Currency shock
	Variation margin: Credit Spread shock
	Variation margin: Sovereign spread shock

Funding Plan

The remaining liquid resources available after covering the reserve for variation margin are measured to establish if they can be used for addressing other cash demands such as discretionary investment activities and funding plans in the different mandates. In this part there is also an assessment of the potential necessity to use other instruments included in the liquidity toolkit of the Treasuries & Rates Team, like leverage or repurchase agreements, in the case that all the liquidity provided by the assets is consumed.

7.9 Non-financial Risk

7.9.1 Risks - General

Management of the first line is responsible for the overall risk management cycle in their organisation units from identification to monitoring and management of action plans. They report about the status of both operational and compliance risk to the Operational Risk and Compliance Committee Athora Netherlands (ORCA). Compliance and Operational Risk, as second line departments, monitor and provide advice to management on compliance risk and operational risk. Both departments are part of the ORCA and in the ORC's and PMP's of the MTs (see Section 7.2.5 Risk Organisation) of Proteq. In addition, the risk reports including Operational and Compliance Risks are also discussed in the Executive Committee and the Risk Committee of the Supervisory Board. Within the PMP MTs, Compliance advises on the development, evaluation and approval of products in accordance with laws, regulations, the AFM criteria and criteria related to treating customers fairly.

Compliance Risk

Compliance risk is the risk that an organisation is potentially able to suffer legal or regulatory sanctions, material financial loss, or loss of reputation as a result of non-compliance with applicable laws, regulations, rules, self-regulatory standards, codes and unwritten rules.

Non-compliance with integrity- and/or conduct related rules can potentially lead to regulatory action, financial loss and/or damage to the reputation of Proteq, for example fines, compensation, disciplinary action, imprisonment or exclusion proceedings.

Laws and regulations within scope pertain amongst others to those laws and regulations as supervised by the Authority for the Financial Markets (AFM), the Dutch Central bank (DNB), the Authority for Consumers and Markets (ACM) and the Data Protection Authority (AP) for aspects related to non-financial risks. This includes the Dutch Financial Supervision Act (Wft), the Money Laundering and Terrorist Financing (Prevention) Act (*Wwft*), the Dutch Sanctions Act (*Sanctiewet*), as well as relevant European laws such as Solvency II and guidance from the Dutch Association of Insurers and other relevant bodies.

Operational Risk

Operational risk represents the risk of an economic loss, a negative reputational or supervisory impact resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risks include the risk of a material misstatement in Proteq's financial reporting and legal risks, but excludes strategic and business risks. Operational risk events can lead to adverse consequences beyond a pure financial loss. The assessment of possible reputational impacts following an operational event is an explicit part of the operational risk management process.

Operational risks are inherent in all of Proteq's insurance products, activities, processes and systems and the management of operational risk is a fundamental element of Proteq's risk management framework. Operational (and compliance) risks are inherent risks that do not provide more returns when taking more risk and have to be controlled and managed. The responsibility of Proteq also extends to managing risks for outsourced activities. Proteq recognises the following types of operational risk categories: Business Process risk, Change risk, Model risk, Third Party risk, HR risk, Reporting risk, Business Continuity risk, Data risk and Information Security risk (refer to 7.9.2 for recent developments.

7.9.2 Exposure to Non-financial Risks

During 2023, as an important part of Proteq's risk management system, Proteq further improved the Integrated Control Framework by adding all other risk products (events, RSAs) to the integrated GRC tooling. Continuous attention on the quality of process and control design, testing of effectiveness of controls, monitoring compliancy, reporting and analysis tooling and process ownership enables the organisation to manage and monitor compliance and operational risks in an efficient and effective manner. Based on the monitoring of all risk types, in this paragraph the main developments and risk events are described. Proteq's management is of the opinion that action plans and programs are in place to sufficiently address and mitigate these risks.

Compliance Risk

Due to the great complexity of the legislation with regard to Solvency II, IFRS, GDPR, Wwft, SFDR, IDD, PRIIPS and Supply Chain Responsibility and changes to the pension legislation (Wtp), legislation may not be unequivocally implemented on time, resulting in Proteq not being compliant and potentially suffering reputational damage. Proteq has a framework in place to track the implementation of legislative requirements in order to be in control of this risk.

Proteq is exposed to potential governance risks. Addressing these risks Proteq has a dedicated Institutional Conflicts-of-Interest Policy including a concrete procedure. Furthermore, Athora Netherlands started on 1 February 2023 with a pilot to test an amended scope of the Governance Protocol dated 2 July 2021. The Governance Protocol sets out a rule-based framework of interactions between Athora Netherlands and Athora Group. The Executive Committee extended, after consultation with the Supervisory Board, the period that the rules of the pilot Governance Protocol were effective. During the extension of the pilot, Athora Netherlands (and therefore Proteq) and Athora Group has continued to further work out and refine the terms of the final covenant. On 1 March 2024, the definitive principle-based framework (Covenant) entered into force and thereby replaced the rules of the (pilot) Governance Protocol. The regulator will continue to monitor and evaluate these potential governance risks as part of its ongoing supervisory activities.

For a Life insurer, the financial economic crime risks are considered to be low. As a financial institution, Proteq has the responsibility to ensure detection, reporting and prevention of unusual transactions. In Proteq's efforts to ensure compliance with applicable laws and regulations, instances of non-compliance can potentially occur. Proteq assesses product specific risks with regard to sanctions, money laundering and terrorist financing on a regular basis.

In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism. In the fourth quarter of 2023, we completed the remediation activities to address the identified shortcomings. In the course of our remediation activities some lower risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile with regard to compliance with AML/CFT legislation. For Athora Netherlands (and therefore also for Proteq), anti-money laundering Compliance will remain a strategic priority. Therefore, Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.

We have key risk indicators in place with regard to financial economic crime such as the number of high risk classified clients and/or business partners and the number of overdue actions. We are operating within the acceptable key risk indicators norms.

Risks (including reputational risk) are not fully excluded in the non-accruing investment-linked policy file, due to the combined effects of intermittent media exposure, political opinion, court judgements and inaction on the part of customers. The client base is continuously addressed through Proteq's aftercare programme.

Due to the General Data Protection Regulation’s consequences on systems and processes, privacy risks are taken into account. As part of the 2023 Compliance Monitoring Plan, several reviews of GDPR requirements have been conducted. Although Proteq is in general compliant with GDPR requirements, the review concluded that Proteq needs to continue to strengthen compliancy with the GDPR. Given the importance of protecting personal data, monitoring of privacy risks is also part of the 2024 Compliance Monitoring Plan. Local Privacy Champions, in cooperation with the appointed Data Protection Officer, safeguard full attention on Proteq's compliance with the privacy regulation.

Operational Risk

General developments

During the year risks are monitored compared to the appetite by first and second line and when necessary, mitigating measures initiated to improve the risk profile. Proteq's Integrated Control Framework (ICF) was rated satisfactory by Internal Audit and DNB confirmed mid 2023 that earlier identified findings have all been sufficiently resolved.

During the last years the organisation further improved controls (with efficiency gains) by streamlining and automating processes, which was reflected in the ICF in the increase of automated controls versus manual controls. GRC tooling was further evolved, resulting in all risk instruments now being captured herein. The Change portfolio contained a number of programs derived from the Strategic roadmap perspective and regulatory requirements. Risk Self Assessments (RSA) were consistently performed to identify inherent risks, which created the basis for actions and mitigating measures to manage the change risk. A RSA internal Fraud was conducted across Proteq with senior management and experts. Results were discussed at the ORCA and although risk is within appetite, further improvement actions were initiated to improve the risk profile.

Proteq actively promotes awareness to cyber security threats, also with its third party suppliers. DDOS and ransomware fraud attacks are increasing whereby identified vulnerabilities require immediate patch updates.

Risk category developments

Business Process Risk
Strategic and license-to-operate driven projects like WWFT/AML, IFRS 17 have been the primarily drivers for Business Process Risk from a resourcing and knowledge perspective in the last years. An impressive number of Process risk assessments were conducted to identify risks and control measures across all programs and daily operations to ensure continuous measuring effectiveness of the ICF. The number of outstanding (high risk) action points were actively managed and reduced within risk appetite. Simplification of access and maintenance of processes will further facilitate an effective, efficient and up-to-date process landscape.

Change Risk
Overall Proteq has an acceptable level of Change Risk with a significant Change portfolio to manage. Implementation of key change programs like strategic outsourcing, IFRS 17, Wtp are examples that require continuous management attention to allocate capacity and to shift priorities where needed. Progress of the strategic roadmap is actively monitored and reported upon. Risk Self Assessments (RSA) are a helpful tool to manage Change risk within the programs and is actively used.

Model Risk
Proteq continuously updates the compact model risk overviews to maintain good insight in its model risk. Model risk was further reduced by follow-up through validations, re-validations and solving second line findings. Ongoing model assessments on reporting, (asset) valuation and pricing models, following a risk-based approach, further increased model insight and provides guidance towards lower model risk. Overall Model risk is within risk appetite.

Third Party Risk
Monitoring and governance regarding outsourcing within Proteq remain a key area of risk attention. Next to ownership of outsourcing management within business lines, a central vendor management team further develops monitoring and reporting standards to enhance the oversight Proteq has on outsourcings partners.

The approach of Proteq is to outsource activities in those areas in the customer value chain where an external service provider can provide added value. When specific activities for outsourcing have been identified a risk analysis is part of the preparation phase. In case of cloud services an additional risk analysis is performed to manage the risks particularly related to cloud. The results of the risks analysis are reflected in the contracts with the service providers.

The DORA (Digital Operational Resilience Act) implementation also impacts the management of third parties. For example, full Insight in (security) vulnerabilities with third parties is being improved, also as part of DORA. The DORA project progresses in line with expectation and a RSA was held in November.

HR Risk
Effective resourcing is essential for the execution of strategy and to qualitatively maintain business as usual activities including a healthy balance on in- and external FTEs. To improve and retain a fit company culture, culture aspects are embedded within the strategy program, improving collaboration between teams and stimulating involvement in the hybrid working concept.

Sourcing of employees remains challenging, however is manageable. Also, employee Survey results show positive trend towards 2024.

Reporting Risk
Effective and timely implementation of IFRS 17 was the main source for future reporting risk. Risk assessment have been completed and the identified material gaps identified and resolved.

On 5 January 2023, the European Union (EU) legislation Corporate Sustainability Reporting Directive (CSRD) became effective. In 2024, this directive will be incorporated in the Dutch legislation and from 1 January 2024 Proteq has to comply with the CSRD. The CSRD requires EU companies to report on the environmental and social impact of their business activities, and on the business impact of their environmental, social and governance (ESG) efforts and initiatives. The goal of the CSRD is to provide transparency that will help investors, analysts, consumers and other stakeholders better evaluate EU companies' sustainability performance as well as the related business impacts and risks. Introduced as part of the European Commission's Sustainable Finance Package, the CSRD notably expands the scope, sustainability disclosures and reporting requirements of its predecessor, the Non-Financial Reporting Directive (NFRD). Proteq will have to publish a great deal of new and very specific forward and backward information that covers the entire value chain.

Proteq, its customers and the companies in which Proteq invests may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. The above described ESG risks may not only impact the financial risks but also may have an impact on other non-insurance risks like persistency and renewal risks.

These risks are receiving increasing regulatory, political and societal scrutiny. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Corporate Sustainable Reporting Directive (CSRD) program was initiated during 2023. The scope and expectations of CSRD reporting are challenging and Sustainability related data is a key area of focus also as this closely links to the Sustainability strategy of Athora Netherlands (and therefore Proteq). Proteq is making progress on embedding climate risk in its Risk framework, including the development of appropriate risk appetite metrics and the creation of a Climate Risk Committee, which is responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories.

Business Continuity Risk
Business continuity risk is acceptable. Fallback tests were held and proved to be successful. The increased reliance on third parties may impact business continuity going forward.

Data Risk
Data risk has been regarded minimal during the year. Attention for data expertise increases to manage strategy initiatives for digitalisation and automation. The data governance structure in place allows us to continuously evaluate, direct and monitor data initiatives to effectively facilitate the Proteq's strategy as being a data driven organisation. A pilot started amongst employees (early adopters) on internal Athora Netherlands Generative AI / ChatGPT usage. Results from "early adaptors" will be used for further development.

Information Technology Risk
For the Proteq IT organisation, 2023 has been a year of a lot of changes and challenges like new Finance systems, implementation Wtp, the move to the new Amsterdam premises and in particular outsourcing of former LSB and part of IT. In 2024 the hybrid data centre outsourcing is a great opportunity to further improve flexibility and effectivity.

In 2023, IT has been continuing the work on improving the In Control Framework (ICF), for example increased automation of the IT processes. Retaining high standards of change management ensures quality and effective risk management.

Cybercrime Risk
In 2023, no major incidents related to cybercrime occurred within Proteq, nor did any of our main suppliers report any. The Security Operations Center however experienced an increasing number of professional and aggressive hacking and fraud attempts, including DDoS attacks. Ransomware but also supply chain attacks are becoming more frequent and sophisticated. As more services are outsourced, cybercrime does not only concern Proteq itself, but may also impact the outsourced services and data. The new Digital Operational Resilience Act (DORA) requires financial institutions to increase the level of security of their outsourcing partners to mitigate these risks. Proteq is on its way to implement the DORA in time.

Proteq further conducted cybercrime awareness campaigns, such as phishing campaigns and crisis management workshops, and monitored external suppliers' security testing. To manage the increasing risk effectively in 2023 additional mitigating measures were implemented. Mitigating the cybercrime risk is a key priority (which is also reflected in the Board level attention it gets) and will remain high on the agenda of the Proteq Board and Risk Boards in the near future.

7.9.3 SCR Operational Risk

Operational risk is the risk of losses caused by weak or failing internal procedures, weaknesses in the action taken by personnel, weaknesses in systems or because of external events. This takes into account legal risks, but risks that are a consequence of strategic decisions or reputational risks are disregarded. The technical provision for own risk is part of the calculation of the SCR operational risk.

The basic capital requirement for operational risk is calculated by taking the maximum of (a) the capital requirement for operational risks on the basis of earned premiums and (b) the capital requirement for operational risks on the basis of technical provisions and adding 25% of the expenses incurred in respect of unit linked business.

SCR OPERATIONAL RISK		
In € millions	2023	2022
Proteq	2	2

Amsterdam, the Netherlands, 27 March 2024

The Supervisory Board

R.M.S.M. (Roderick) Munsters

M.A.E. (Michele) Bareggi

E. (Elisabeth) Bourqui

F.G.H. (Floris) Deckers

J.M.A. (Hanny) Kemna

H. (Henk) Timmer

The Executive Board

J.A. (Jan) de Pooter

A.P. (Annemarie) Mijer

E.P. (Etienne) Comon

J.H. (Jan-Hendrik) Erasmus

OTHER INFORMATION

Provisions in Articles of Association Governing the Appropriation of Profit or Loss

Article 35

35.1. The profit shall be to the appropriation of the general meeting.

35.2. The company can only make payments to shareholders and other entitled parties to the account of the profit up for distribution in so far as the own capital is larger than the subscribed capital increased by the reserves that have to be kept by law.

35.3. Profit distribution shall only take place after adoption of the annual accounts which show that the distribution is allowed.

Article 36

36.1. Dividend shall become payable within fourteen days after declaration, unless the general meeting determines another date on a motion by the board of directors.

36.2. Dividend that has not been claimed within five years after it has become payable, shall revert to the company.

36.3. The general meeting may decide that dividends shall be paid entirely or partially in another form than in cash.

36.4. If so decided by the general meeting on a motion by the board of directors, interim dividend shall be distributed, including an interim distribution of reserves, with due observance of the provisions in section 2:105 paragraph 4 Civil Code.

36.5. A deficit may only be amortised to the account of the statutory reserves insofar as is allowed by law or these articles of association.

Independent auditor’s report

To: the shareholder and supervisory board of Proteq Levensverzekeringen N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Proteq Levensverzekeringen N.V. (hereinafter: Proteq or the Company), based in Alkmaar, the Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Proteq Levensverzekeringen N.V. as at 31 December 2023, and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union, (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
- The statement of financial position as at 31 December 2023
- The following statements for 2023: the statements of profit or loss, total comprehensive income and changes in equity and the cash flow statement
- The notes comprising material accounting policy information 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 Proteq Levensverzekeringen N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Proteq Levensverzekeringen N.V. is a life insurance company with Athora Netherlands N.V. as holding company. Proteq manages an inactive, individual life insurance portfolio of the Reaal brand that mainly consists of funeral insurances.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€1.3 million (2022: €1.3 million)
Benchmark applied	2.0% of total shareholder's equity (2022: 2.0% of total shareholder's equity)
Explanation	We consider Proteq's total shareholder's equity and solvency, and the ability to meet policyholder liabilities, key indicators for the users of its financial statements. As such, we have based materiality on total shareholder's equity.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €65 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a client in the financial services industry. We included specialists in the areas of IT audit, forensics, sustainability, legal and income tax and have made use of our own actuaries and experts in the areas of valuation of technical provisions and valuation of unlisted investments.

Our focus on climate risks and the energy transition

Climate change and the energy transition are emerging topics and lead to significant change for many businesses and society. The executive board of Proteq has reported in the section 3.4 Sustainability of the annual report how the Company is addressing climate-related and environmental risk and taking into account related regulatory and supervisory guidance and recommendations.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in accounting estimates and significant assumptions as well as in the design of relevant internal control measures by Proteq, including those related to the estimation of liabilities related to insurance contracts. Furthermore, we read the executive board report and considered whether there is any material inconsistency with the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the accounting estimates or significant assumptions used in the financial reporting per 31 December 2023.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. 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.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Company and its environment and the components of the system of internal control including the risk assessment process and the executive board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.
We refer to section 3.4.8 of the executive board report for the executive board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. In our risk assessment we considered the potential impact of amongst others organizational changes. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 6.1.3 to the financial statements, including “Estimates used in the calculation of insurance contract liabilities including CSM” and the “recoverability of Deferred Tax Assets”.

With regard to the estimates used in the calculation of the insurance contract liabilities, including CSM, we see the risk of management override of controls in particular within the following assumptions: expenses (including inflation, allocation of costs and investment expense) (also relevant for the Solvency II technical provisions) and the Illiquidity Premium (ILP) for the discount rate. With regard to the initial application of IFRS 17/9, we see the risk of management override of controls in particular within the calculation of the transition CSM.

In order to respond to the identified risks of management override of controls, we refer to the description of our audit approach in the key audit matters “Estimates used in calculation of insurance contract liabilities” and “Initial application of IFRS 17/9”.

Additionally, we identified a risk of management override of controls in relation to expected spreads assumptions used in the calculation of the OCG (SII), LAC/DT (SII) and DTA recoverability assessment. We addressed this amongst others by assessing Proteq’s methodology, key assumptions used, feasibility of transition to the Strategic Asset Allocation and benchmarking spreads with independent sources and challenging expert judgement used.

We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We considered related to components of the insurance revenue: the expected insurance service expense, excluding the investment components, including the risk of manipulation of the timing of expected insurance service expense; the release of the CSM, including risk of manipulation of the coverage units and the amount of CSM to be allocated.

We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance, actuarial function and risk management) and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the executive board, inspecting the integrity risk analysis (SIRA), reading minutes, inspection of internal audit and compliance & risk management reports and performing substantive tests of details of classes of transactions, account balances or disclosures. We refer to Note 7.9 to the financial statements for details of the Proteq's compliance risk (management).

We also inspected lawyers' letters, communicated with and inspected correspondence with regulatory and supervisory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether Proteq has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting. At the end of 2022 Proteq developed a plan to enhance its governance taken into account the large company regime and other regulatory expectations. As part of this plan Proteq executed during 2023 a pilot to test an amended scope of its Governance Protocol dated 2 July 2021.

The Governance Protocol sets out the framework of interactions between Proteq, Athora Netherlands and Athora Group. During the pilot foundations were laid for the transition from a rule-based to a more principle-based approach for the interactions between Proteq, Athora Netherlands and Athora Group. On 1 March 2024, the definitive principle-based framework (Covenant) entered into force. We refer to section Compliance Risk in note 7.9.2 Exposure to Non-financial Risks – Compliance Risk. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

The executive board made a specific assessment of the Company's ability to continue as a going concern and to continue its operations for the foreseeable future. We discussed and evaluated the specific assessment with the executive board exercising professional judgment and maintaining professional skepticism.

We considered whether the executive board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, also focusing on whether the Company will continue to meet the regulatory solvency requirements. To this end, we also inspected the Own Risk & Solvency Assessment (ORSA). 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.

Based on our procedures performed, we did not identify serious doubts on the Company's ability to continue as a going concern for the next twelve months. 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 a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change. We introduced a new key audit matter as a result of the initial application of IFRS 17/9. As a result of the application of these new standards, also some of the content of the KAM's "Estimates used in the calculation of insurance contract liabilities including CSM" have changed compared to last year.

Initial application of IFRS 17 / 9	
Risk	With effect from 1 January 2023, Proteq applied IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. These standards replace IFRS 4 Insurance Contracts and IAS 39 Financial Instruments. Proteq has applied IFRS 17 with retroactive effect from the transition date of 1 January 2022 for the accounting of insurance and reinsurance contracts, using the transition approach as set out in Note 6.1.2 of the consolidated financial statements. The comparative figures for 2022 as presented in the consolidated financial statements have been adjusted for the purposes of IFRS 17. Proteq has also adjusted the comparative figures for the first application of IFRS 9 and additionally applies the classification overlay approach from IFRS 17 to the comparative figures of financial assets sold during 2022. As a result, IFRS 9, like IFRS 17, will be applied retroactively to 1 January 2022 in the 2023 financial statements. As a result of the transition to the new standards, shareholders' equity decreased by €41 million on balance as of 1 January 2022, mainly as a result of the creation of a Contractual Service Margin (CSM) of €43 million as part of the liabilities arising from insurance contracts. The impact of this was partially offset by other valuation effects and deferred taxes. The audit of the first application of IFRS 17 and IFRS 9 was complex as it related to the measurement of insurance liabilities and the first provision of the CSM at transition date with various interpretations and fair value assumptions and using complex models. In this context, we take into account the possibility that management can override internal control measures and other unauthorized forms of influencing the financial reporting process. We therefore consider the initial application of IFRS 17 and IFRS 9 to be a key audit matter.
Our audit approach	Our audit procedures include, among other things, an evaluation of the adequacy of the company's accounting policies and transitional provisions related to the transition to IFRS 17 and IFRS 9 to determine whether they comply with IFRS 17 and IFRS 9. We have further assessed the appropriateness of the assumptions and methods used to determine estimates. We have engaged our actuarial specialists to assist us with the audit work in this area. Our main audit procedures included understanding and evaluating the design of relevant internal controls in the process of initial application of IFRS 17 and IFRS 9. In addition, we carried out the following specific activities: Evaluating management's analysis of the transition approach and methodological choices made, including inspection of underlying documentation on the availability or non-availability of reasonable and supporting historical information required for the application of the full retrospective methodology and assessment of the appropriateness of simplifications applied under the fair value method. Evaluating the analysis prepared by the company with regard to the classification of insurance contracts, including the applicable valuation models, and assessing the grouping of insurance contracts against the requirements set out in IFRS 17. Assessing the appropriateness of the key assumptions used in the calculation of the fair value of insurance contracts in the transition to IFRS 17 by comparing them with the assumptions used for the same accounting period under IFRS 4 and Solvency II, available market data, the product characteristics and the requirements arising from IFRS 17. Testing the methodology and calculation of the liabilities under insurance contracts, the receivables under reinsurance contracts and the CSM on the transition date by assessing the model validation activities performed by Proteq Testing the accuracy and completeness of basic data used in the determination of the items in the opening balance sheet by connection with source systems. Evaluating management's analysis of the classification of financial instruments against the requirements set out in IFRS 9.

Initial application of IFRS 17 / 9	
	Evaluating the appropriateness of the valuation of financial instruments at transition date by comparing them with the valuations used or disclosed under IAS 39 and/or Solvency II for the same reporting period, available market data and the requirements of IFRS 9. Finally, we evaluated the adequacy of Proteq's disclosures relating to the initial application of IFRS 17 and IFRS 9. In this context, we have assessed in particular whether the disclosures regarding the accounting choices made by Proteq, the assumptions used at the transition date and the financial impact on the transition date are adequately reflected.
Key observations	We believe that the estimates used in the transition to IFRS 17 and IFRS 9 are reasonable. The notes on the transition to IFRS 17 and IFRS 9 meet the requirements of EU IFRSs.

Estimates used in the calculation of insurance contract liabilities including CSM	
Risk	Proteq has insurance contract liabilities of €401 million representing 75% of the Company's total liabilities (Note 8 Insurance Contract Liabilities). The measurement of insurance contract liabilities involves judgment over uncertain future outcomes, mainly the ultimate total settlement value of long-term liabilities, including any guarantees provided to policyholders. Proteq values the insurance contract liabilities for GMM as the sum of: the present value of the fulfilment cash flows (the probability weighted future cash flows to fulfil the contract), increased with a risk adjustment for non-financial risks and the contractual service margin (CSM) which represents the unearned profitability for the group of insurance contracts The valuation of insurance contract liabilities requires judgment regarding uncertain future outcomes, whereby various assumptions are made about the ultimate settlement value of the insurance obligations. Complex (actuarial) models and calculation tools are used to determine the insurance contract liabilities, where it is important that the design and configuration are adequate, the assumptions used are suitable, and the source data used is correct and complete. The use of other actuarial techniques and assumptions can lead to materially different outcomes of estimates regarding the liabilities related to insurance contracts. When determining the result from insurance-related services, including revenues from insurance-related services, the same processes, tools, and assumptions are used. In this context, we take into account the possibility that management can override internal control measures and other unauthorized forms of influencing the financial reporting process. We therefore regard the estimates used in calculating the liabilities related to insurance contracts as a key audit matter. We consider the discount rate applied to discount the expected future cash flows (including a liquidity premium applied) a significant estimate. The valuation of liabilities related to the insurance contract liabilities requires significant judgment in determining the assumptions about future costs, including the scalability of ongoing costs and inflation, and in determining the "risk adjustment" including the Cost of Capital percentages and "risk drivers" applied for determining future risk capitals. Finally, the CSM release in the reporting period and the release from the provision for expected benefits, claims and other costs related to insurance services, are important drivers in determining the revenue from insurance-related services. We refer to the Accounting Policies for the Statement of Financial position (6.1.4) on Insurance Contract Liabilities and Note 8 Insurance Contract Liabilities of the financial statements.

Estimates used in the calculation of insurance contract liabilities including CSM	
Our audit approach	Our audit procedures included assessing the appropriateness of the Company's accounting policies related to the measurement of insurance liabilities according to IFRS 17 Insurance contract liabilities. We involved our actuarial specialists to assist us in performing audit procedures in this area. This included among others consideration of the appropriateness of the mortality, longevity, expense (including inflation), lapse assumptions and discount curves used in the valuation of the insurance contract liabilities. As part of these procedures, we evaluated company and industry data, and expectations of developments in this respect. We assessed whether the assumptions and methods used to determine estimates are appropriate and have been applied consistently. Our key audit procedures included an evaluation of the methodology that the company uses for calculating liabilities related to insurance contracts and understanding and evaluating the design of related internal control measures. In addition, we carried out the following audit procedures: testing the accuracy and completeness of basic data as used in the valuation of the estimated future cash flows, by reconciling it with source systems. Evaluating the nature, timing, and completeness of changes in key assumptions, models, and methods including their impact on financial reporting. evaluating the scope, depth, and results of model validation work that the Company has performed for used (valuation) models and other calculation tools. performing numerical analyses, including an analysis of changes in the present value of future cash flows from period to period, where based on our knowledge of the company and experience in the sector we assessed whether the changes are a good reflection of developments in the reporting period. testing the assumptions used, such as assumptions regarding expenses, including the scalability of ongoing expenses and inflation, based on company-specific and sector-specific experience data and expected market developments and trends. With regard to the discount curves used, we specifically evaluated the level of the illiquidity premium (ILP) applied, by challenging the representativeness of the methodology and key assumptions used, and benchmarking of the spreads that are used as input to the ILP. regarding the release of the CSM and the release from the provision for expected benefits, claims, and other costs related to insurance services for the groups of insurance contracts that have been valued under the GMM, we have tested the assumptions used by the Company, performed numerical analyses on the results, assessed the coverage units and the amount of CSM allocated and calculated the CSM release independently for a selection of groups of insurance contracts. We evaluated Proteq's disclosures in relation to insurance liabilities in accordance with IFRS 17 Insurance contracts.
Key observations	We consider the estimates used in the calculation of insurance liabilities to be within a reasonable range. The disclosures of insurance liabilities meet the requirements of EU-IFRS.

Reliability and continuity of the information technology and systems	
Risk	Proteq is highly dependent on its IT systems and IT infrastructure for the continuity of the operations and preparation of its annual accounts. Proteq continues to invest in its IT systems and IT infrastructure and processes to meet clients' needs and business requirements. As part of this investment Proteq started migrating its IT infrastructure to Tata Consultancy (TCS), which has a large impact on the IT organization and internal control on IT. Proteq is continuously improving the efficiency and effectiveness of its IT systems and IT infrastructure and the reliability and continuity of the electronic data processing, including its defence against cyber-attacks.

Reliability and continuity of the information technology and systems	
	Taking into account the significance of the IT systems and IT infrastructure for Proteq's process of preparation of annual accounts, we considered this a key audit matter with respect to potential impact it can have on the financial statements and continuity of processes and effectiveness of internal controls in processes relevant to reporting.
Our audit approach	IT audit professionals are an integral part of the audit team and assessed the reliability and continuity of the IT environment to the extent necessary for the scope of our audit of the financial statements. Our audit was not primarily designed to express an opinion on the continuity and reliability of Proteq's automated data processing (or parts thereof) and we have not been instructed to do so by the executive board. As part of our audit procedures we have assessed the changes in the IT systems and IT infrastructure and have tested the reliability and continuity of electronic data processing within the scope of the audit of the financial statements. Our procedures included evaluating the design and testing operating effectiveness of controls with regards to IT systems and processes relevant for financial reporting as well as additional (substantive) procedures if deemed necessary. In response to the (inherent) increased frequency and severity of cyber incidents and heightened concerns from regulators and other stakeholders about cybersecurity attacks and breaches, we have evaluated cybersecurity risks as part of our annual audit procedures. Our main focus during this audit was to gain an understanding of the cybersecurity risks at Proteq and the actions taken by the Company to address these risks.
Key observations	Our testing of the IT (general) controls and IT substantive procedures performed, provided sufficient evidence to enable us to rely on the adequate and continued operation of the IT systems relevant for our audit of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon

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

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of Proteq Levensverzekeringen N.V. on 29 October 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the executive board is responsible for such internal control as the executive 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 executive board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements. The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:
- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- 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 executive board
- 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

Communication
We communicate with the supervisory 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. In this respect we also submit an additional report to the audit committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 27 March 2024

Ernst & Young Accountants LLP

M. Koning

ADDITIONAL INFORMATION

Principles Gross Inflows

Definition and usefulness of Gross Inflows

Gross Inflows provide an indication for the business volumes through our insurance entity and comprise Written Insurance Premiums.

PROTEQ LEVENSVERZEKERINGEN N.V.

Kruseman van Eltenweg 1, Alkmaar
Postbus 274, 1800 BH Alkmaar