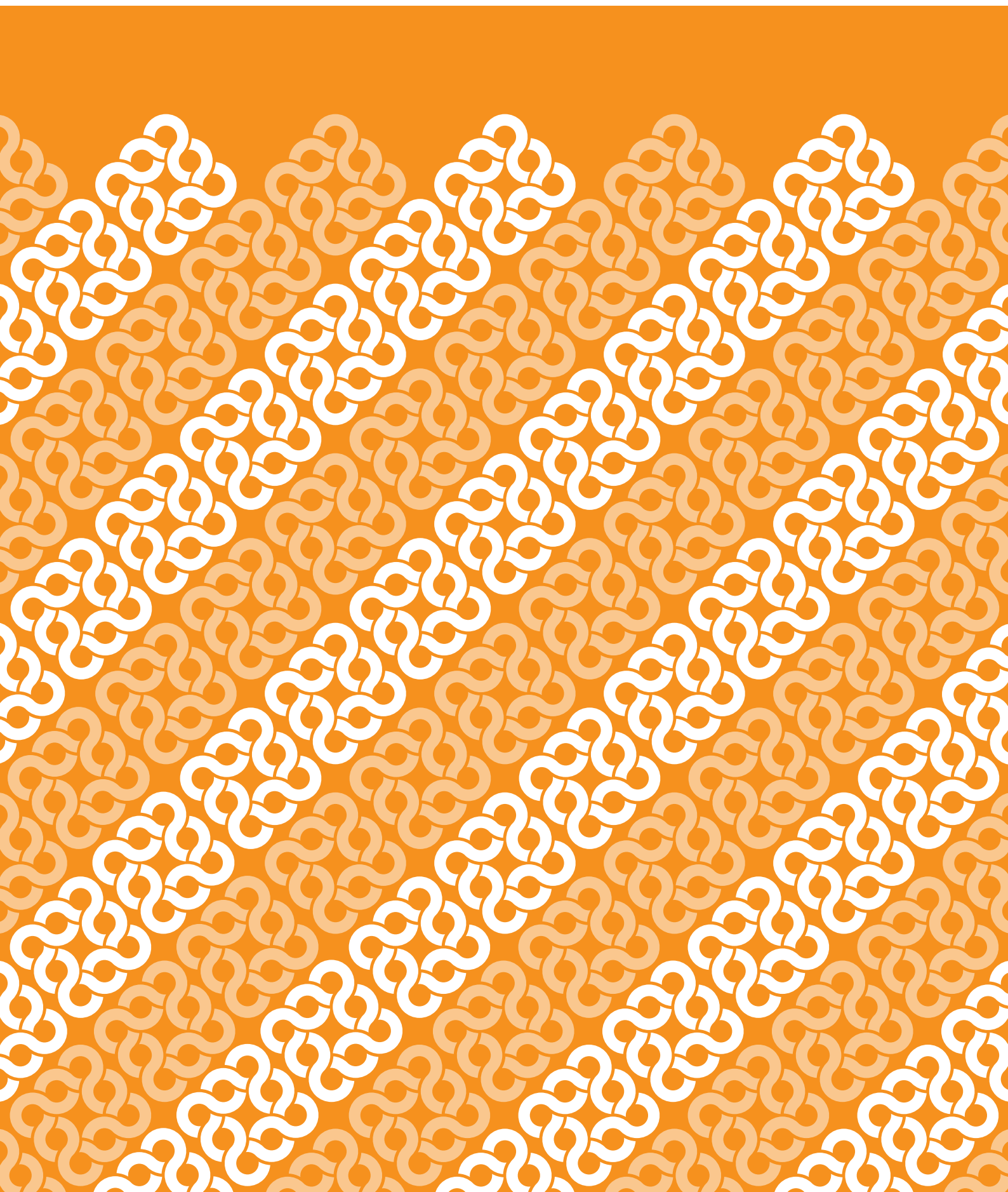


**ZWITSERLEVEN PPI N.V.**

Annual Report 2021



**ATHORA**



# TABLE OF CONTENT

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<b>BOARD REPORT</b>	<b>3</b>
<b>1 STRATEGY AND DEVELOPMENTS</b>	<b>4</b>
1.1 About Zwitterleven PPI N.V.	4
1.2 Key figures	6
1.3 Aim and Corporate Responsibility	7
1.4 Financial developments	9
1.5 Investments	10
<b>2 CORPORATE GOVERNANCE</b>	<b>14</b>
2.1 The Board of Directors	14
2.2 The Supervisory Committee	14
2.3 Report of the Supervisory Committee	15
2.4 Remuneration	16
<b>3 RISK AND CAPITAL MANAGEMENT</b>	<b>18</b>
3.1 Risk management system	18
3.2 Risk management governance	18
3.3 Risk management process and Integrated Control Framework	19
3.4 Relevant risks	19
3.5 Developments	22
3.6 Capital management	23
<b>FINANCIAL STATEMENTS</b>	<b>24</b>
<b>4 FINANCIAL STATEMENTS</b>	<b>25</b>
4.1 Balance sheet	25
4.2 Profit and loss account	26
4.3 Cash flow statement	27
<b>5 ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS</b>	<b>28</b>
<b>6 NOTES TO THE FINANCIAL STATEMENTS</b>	<b>32</b>
<b>OTHER INFORMATION</b>	<b>44</b>
Provisions in Articles of Association governing the appropriation of profit or loss	44
Independent auditor's report	45

# **BOARD REPORT**

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# 1 STRATEGY AND DEVELOPMENTS

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## 1.1 ABOUT ZWITSERLEVEN PPI N.V.

### Message from the Board of Directors

Zwitserleven Premie Pensioen Instelling (hereafter ZL PPI) has, despite the COVID-19 pandemic, grown significantly in 2021. The number of company pension contracts further increased, also due to a very high retention rate, resulting in a growth both in pension participants (30%) and Assets under Management (53%). We expect growth to continue in 2022 as the strategic reorientation of Athora Netherlands N.V. aims to increase the pension business.

This annual report of ZL PPI gives, in particular, insight into the products, mission, developments and risk and capital management of ZL PPI during 2021.

We would like to thank our customers, our shareholder and our business partners for the trust that they have placed in us.

Amstelveen, The Netherlands, 24 May 2022

### The Board of Directors

Drs. A.E. van Zanten, CEO

Drs. E.P. van Santen, COO

### Organisational structure

ZL PPI is a 100% subsidiary of the insurance holding Athora Netherlands N.V. (hereafter Athora Netherlands) with a registered office in Amstelveen, the Netherlands. ZL PPI is a public limited liability company incorporated under the laws of the Netherlands with a statutory Board of Directors and a Supervisory Committee.

ZL PPI has outsourced most of its primary business processes and investment management processes. The operating activities concerning Finance and Risk are outsourced to Zwitserleven (brandname of SRLEV N.V.) and Athora Netherlands. In 2021 Athora Netherlands's asset manager ACTIAM N.V. (hereafter ACTIAM) managed the ZL PPI investment funds. On 21 October 2021, Athora Netherlands has reached an agreement to sell ACTIAM to Cardano Risk Management B.V. The transaction has been closed on 1 January 2022. ACTIAM will under its new parent continue to execute the investment management for ZL PPI.

ZL PPI has an outsourcing contract both with Zwitserleven and ACTIAM. The Service Level Agreement (SLA) with Zwitserleven contains the agreed requirements with respect to services, response times, turnaround times, reports, etc. In a similar way, the Investment Management Agreement (IMA) with ACTIAM covers the asset management activities.

ZL PPI aims to accrue an optimal pension for its participants. The board, which is employed by Athora Netherlands, is responsible for ZL PPI and acts in the interests of all its stakeholders. No staff is directly employed by ZL PPI. Dedicated PPI staff is insourced from Zwitserleven.

The responsibilities and duties of the Board of Directors and the Supervisory Committee are presented in chapter 2 Corporate Governance.

## Product development

By offering easy to understand, transparent and innovative products and services at a competitive price, customers, large and small, will be able to rely on ZL PPI for organizing their post-pension income plan.

Despite the already existing high valuation of ZL PPI's products, the main product, ZwitserlevenNuPension, has been further upgraded. As an example to possibility for the employer to add an execent scheme to the main pension scheme has been added.

Since 2020 the investment policy of the Zwitserleven World Equity Fund and Zwitserleven Index World Equity Fund is more sustainable. Both funds invest in 4 regional funds: the ACTIAM Responsible Index Funds Equity (ARIFE's). These have a more sustainable investment policy.

What does this imply? From now on, companies will be assessed whether they can and want to adapt and prepare for social changes and the energy transition. Are they not doing this enough? Then those companies will be excluded from investing. In addition, the investment policy of the ARIFE's takes into account ESG scores and water and carbon dioxide footprints of companies in which they invest.

As the only Defined Contribution (DC) provider in the Dutch market, Zwitserleven PPI received the five star Money View rating for overall product design for the second time in a row, which underscores the client centric culture of the company.

## Participants

ZL PPI is servicing active and inactive participants. An active participant participates in the pension plan of his or her employer, the latter has a pension contract with ZL PPI. When a participant becomes inactive, premium payments for the benefit of the accrual of pension are no longer being made. Participants become inactive mainly because of a change of employer.

NUMBER OF PARTICIPANTS		
	2021	2020
Active	59,799	49,198
Inactive	34,209	23,165
<b>Total</b>	<b>94,008</b>	<b>72,363</b>

NUMBER OF CONTRACTS		
	2021	2020
Contracts with employers	2,909	2,501

## 1.2 KEY FIGURES

In € thousands	2021	2020	2019	2018	2017
<b>Profit and loss account</b>					
Total income	7,322	5,409	3,738	2,343	1,550
Total expenses	6,151	4,734	3,526	2,386	1,723
Tax expense	293	169	53	-11	-43
<b>Net result for account of PPI</b>	<b>878</b>	<b>506</b>	<b>159</b>	<b>-32</b>	<b>-130</b>
Premium contributions	259,573	199,132	143,513	98,382	64,770
<b>Balance sheet</b>					
<b>Total assets</b>	<b>1,630,203</b>	<b>1,079,295</b>	<b>599,849</b>	<b>330,915</b>	<b>177,113</b>
Investments for account of participants	1,590,456	1,042,196	581,431	317,857	169,134
<b>Total equity</b>	<b>4,554</b>	<b>2,675</b>	<b>2,169</b>	<b>2,010</b>	<b>2,042</b>
Liabilities to participants	1,590,456	1,042,196	581,431	317,857	169,134
Other liabilities	35,193	34,424	16,249	11,048	5,937
<b>Capital position</b>					
Required capital	500	500	500	500	500
Required solvency	3,181	2,084	1,163	636	500
Number of contracts with employers	2,909	2,501	2,126	1,730	1,325
Number of participants	94,008	72,363	52,666	38,056	25,174

## 1.3 AIM AND CORPORATE RESPONSIBILITY

### Statutory aim of ZL PPI

The main statutory aim of ZL PPI is:

- to execute the pension plans for its clients without carrying the insurance related risks;
- to purchase, administer and manage the investments of participants;
- to execute the (voting) rights connected to the investments for account of participants;
- to handle all activities related to aforementioned aims.

### Ambition

ZL PPI wants to be a leading provider of Defined Contribution (DC) pension solutions in the Dutch market. Therefore, ZL PPI aims to be a leading, trusted and customer-centric financial services provider, helping its participants to realize their long-term financial goals. ZL PPI has the task to offer simple pension solutions to its clients at competitive prices. To this end, ZL PPI aims to sell products that are appropriate, transparent and enable the participants to gear the solutions in such a way that it best fits their defined ambition. In order to achieve long-term sustainable growth ZL PPI delivers a simple product and quality service to customers. ZL PPI supports its service delivery by using the most advanced technologies and digital solutions, such as personal portals.

### Investment Philosophy

Transparency, risk diversification and sustainability are the important pillars of our investment philosophy. ZL PPI invests for the benefit of the participant's pension scheme to get the best possible return risk profile for each customer, but it also invests with a strongly felt responsibility to create a better future for society and the environment. ZL PPI works together with its asset manager to ensure that pension money is not being invested in companies whose activities are unacceptably harmful to society and the environment.

### Socially responsible investment policy

Human rights and the environment are important to us. The basis of our policy is that companies and countries have to comply with our investment principles:

- No systematic involvement in severe environmental damage;
- Compliance with basis human rights;
- Compliance with basis labour rights;
- No involvement in controversial weapons;
- Compliance with international sanctions;
- No systematic involvement in fraud, corruptions or tax evasion;
- No significant involvement in products and businesses doing harm to human (mental) health or animal welfare.

ZL PPI encourages the companies it invests in to make socially responsible choices. We may engage with these companies on certain topics and we vote at their annual shareholder meetings. ZL PPI does not invest in companies that do not meet the standard that has been set for the ESG-criteria.

ZL PPI also refrains from investing in government bonds issued by countries that do not meet our sustainability criteria.

### Positive selection

ZL PPI uses positive selection to choose companies that feature a sustainable product or an innovative, more eco-friendly technology, even if these companies do not yet fully comply with the ESG-criteria. ZL PPI engages with these companies to help them improve their ESG-performance. This encourages these companies to continue improving.

**Engagement and voting policy**

ZL PPI actively encourages companies to conduct their business in a socially responsible way. This is called engagement. The purpose of this engagement is to help companies improve their sustainable performance.

We also enter into discussion with companies that are on the verge of breaking ESG standards in an attempt to prevent them from doing so. If the company’s sustainable performance does not improve, ZL PPI can always decide to exclude the company from its portfolio and sell the investments.

In addition we exercise our right to vote at companies’ shareholder meetings to promote corporate and social responsibility.

**Integrating ESG**

We believe that companies that adopt responsible business practices are better prepared for the future. That is why we aim to invest actively in companies that help to create a sustainable future and that contribute to accomplishing the United Nations Sustainable Development Goals.

To achieve this aim, our asset manager ACTIAM is structurally integrating sustainability information in the investment process. This involves awarding an ESG score to all the countries and companies in which can be invested. The ESG score reflects both the entity’s policy and its actual conduct. A company may have a good policy, but this policy says little about the true situation concerning sustainability if it is not actually implemented.



Figure 1 Sustainable development goals



## 1.4 FINANCIAL DEVELOPMENTS

### Market developments

The DC and PPI markets showed continued growth. A number of PPIs changed shareholders in the market. The growth of the ZL PPI market share continued to be strong in 2021 despite COVID. The outlines of the new pension agreement became more clear in 2021 and the PPI is well positioned to play an important role in the new pension market. The pension reform should be implemented in 2023 and will come into effect as of 2027. The content of the legislation and the implementation date have not yet been definitively determined. In order to achieve a timely implementation, the necessary preparations have been made in 2021 to lay the foundation for the implementation of the pension agreement in 2022. Because of the upcoming legislation, we see a more wait-and-see attitude among employers to switch pension providers.

### Growth

As expected ZL PPI has grown significantly in 2021 in number of clients and services. An increasing number of large companies has also decided to become client of ZL PPI.

In total 2,909 employers (2020: 2,501) are being serviced by ZL PPI involving 94,008 participants (2020: 72,363). Assets under management increased to € 1,590 million (2020: € 1,042 million). At the end of the year, the 12 month forward annualized premium income had risen to € 260 million (2020: € 199 million).

### Operating result

The operating result before tax improved to € 1,171 thousand positive in 2021 (2020: € 675 thousand positive). This can be attributed to the increase of assets under management (from premiums, value transfers and investment results) and an increasing number of participants administered by ZL PPI.

### Liquidity position

The liquidity position of a company reflects its ability to pay its current debt with its current assets. In order to stay solvent, the company must have a current ratio of at least 1.0 which means it can exactly meet its current obligations.

The current assets including cash and cash equivalents of ZL PPI at year-end 2021 were € 39.7 million (year-end 2020: € 37.1 million). The current liabilities at year-end 2021 were € 35.2 million (year-end 2020: € 34.4 million), leading to a current ratio of 1.13 at year-end 2021 (2020: 1.08). This means ZL PPI has a good liquidity position and is able to meet its current obligations.

In March 2021 Athora Netherlands N.V. made a capital injection of € 1 million to ZL PPI, in order to support the future growth of the PPI.

## 1.5 INVESTMENTS

### Sustainability characteristics of products

When a financial product promotes ecological and social features, European regulations require information on how the product has met those features in the past year and information on the sustainability-related impacts.

The products of ZL PPI are available premium schemes that promote ecological and social characteristics within the meaning of Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). As asset manager of the funds, ACTIAM implements ZL PPI's investment policy. ACTIAM pursues ZL PPI's sustainable investment policy and has classified the Zwitserleven funds within a Sustainability Framework as responsible investment, sustainable investment and/or impact investment.

Participants have various options to invest their pension assets. They can choose between investing in a unique personalized investment profile (Vrij beleggen), or invest in a standardized investment profile of choice (Profiel beleggen) or, as most (98%) participants do, invest in the (standardized) default lifecycle (Horizon beleggen). With Freely Investing, the participant is responsible for choosing the investment funds. He can choose from Zwitserleven funds, as well as ASN funds and iShares from BlackRock. In this way, participants themselves choose how sustainably they wish to invest.

The annual reports of the ACTIAM and ASN investment funds contain specific information on the extent to which these funds have fulfilled the environmental or social characteristics promoted by these funds in the past year, or on the general sustainability-related effects of all or part of the investments in these funds. BlackRock does not provide this information on iShares, as these funds do not promote environmental and social characteristics.

In order to promote sustainable investments, ACTIAM and ASN provide information on the contribution of investments to the environmental targets specifically set in European regulations. This information can also be found in the annual reports of ACTIAM and ASN investment funds. These contain information on:

- The extent to which the asset managers' investments contribute to the environmental objectives: mitigation of and adaptation to climate change;
- A description of how and to what extent the investments in that fund are investments that take account of EU criteria for environmentally sustainable economic activities and are therefore environmentally sustainable.

The investments in the funds designated as environmentally sustainable by the asset manager contribute to one of the environmental objectives of the European regulations. These investments may not at the same time harm one of the other environmental objectives. This is called the 'do no significant harm' principle.

The 'do no significant harm' principle only applies to the underlying investments of the financial product that take into account the EU criteria for environmentally sustainable economic activities. The underlying investments of the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities. The calculation of the EU Taxonomy alignment of the investments cannot be disclosed, because actual information on alignment of underlying activities is not available yet.

### Developments and information on lifecycle investments

In 2021 we expanded the fund range that is available in Vrij Beleggen (English: Independent Investing). An additional five Zwitserleven equity funds were added, including the Zwitserleven Impact Wereld Aandelenfonds (English: Zwitserleven Impact Global Equity Fund) which, in addition to pursuing financial return, also aims for an impact on ESG factors.

## INVESTMENTS FOR ACCOUNT OF PARTICIPANTS 2021

In € millions	Horizon beleggingen	Profiel beleggen	Vrij beleggen
Active	1,153	35	10
Inactive	368	7	17

The default asset mix is determined by a lifecycle. Each participant in lifecycle investments has a personalized asset mix based on the remaining time until retirement and the risk profile of the participant. The risks in the lifecycle are automatically reduced towards retirement date. De-risking takes place by investing more in medium and long duration fixed income funds and less in equity funds when the retirement date approaches. In this manner both the interest rate risk and the risk on equities are reduced incrementally. The default lifecycle is offered under the name 'Horizon investment' and is a risk neutral profile and a fixed pension. ZL PPI's lifecycles are tailored towards the pension benefit that is aimed for at retirement date, which can be a fixed or (partially) variable pension. The following figure shows the composition of the default lifecycle from early working age until retirement.

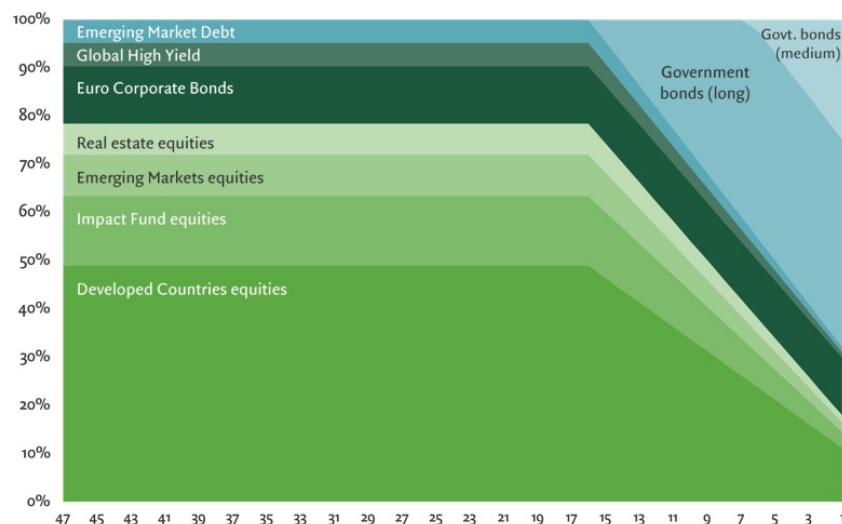


Figure 2 Lifecycle glide path

In the following table the investment returns of the past seven years of four different ages are displayed. These returns apply to the default 'Horizon investments'.

LIFE CYCLE HISTORICAL RETURN								
	Age 25		Age 45		Age 55		Age 65	
	Life cycle	Index	Life cycle	Index	Life cycle	Index	Life cycle	Index
2021	17.70%	18.40%	17.70%	18.40%	12.40%	13.00%	0.30%	0.50%
2020	5.90%	3.00%	5.90%	3.00%	7.30%	5.00%	8.50%	7.70%
2019	23.50%	23.30%	23.50%	23.30%	21.90%	21.70%	15.20%	15.10%
2018	-5.40%	-5.70%	-5.40%	-5.70%	-3.00%	-3.30%	1.50%	1.40%
2017	8.20%	7.90%	7.90%	7.60%	5.30%	5.00%	-0.10%	-0.20%
2016	8.40%	8.00%	8.20%	7.90%	9.30%	9.10%	7.50%	7.40%
2015	5.80%	5.30%	5.60%	5.20%	3.90%	3.60%	0.60%	0.50%
Average 2015 - 2021	8.80%	8.30%	8.70%	8.20%	7.90%	7.50%	4.60%	4.50%

The lifecycles consist of a combination of five different investment funds. The following table lists the performance per investment fund.

INVESTMENT PERFORMANCE									
	2021			Average: 3 Year <sup>1</sup>			Average: 5 Year <sup>2</sup>		
	Fund	Index	+/-	Fund	Index	+/-	Fund	Index	+/-
Zwitserleven Wereld Aandelen Fund	23.55%	24.40%	<b>-0.85%</b>	19.50%	18.28%	<b>1.22%</b>	12.11%	11.21%	<b>0.90%</b>
Zwitserleven Credits Fund	-0.90%	-1.08%	<b>0.18%</b>	2.68%	2.60%	<b>0.08%</b>	1.85%	1.77%	<b>0.08%</b>
Zwitserleven Selectie Fund	5.59%	6.25%	<b>-0.66%</b>	6.85%	6.61%	<b>0.24%</b>	4.59%	4.50%	<b>0.09%</b>
Zwitserleven Medium Duration Fund <sup>3</sup>	-3.28%	n/a		1.44%	n/a		1.15%	n/a	
Zwitserleven Long Duration Fund <sup>4</sup>	-8.95%	n/a		6.53%	n/a		4.44%	n/a	
1 Up to and including 2021									
2 Up to and including 2021									
3 Fund is designed to match pension liabilities, therefore no index available.									
4 Fund is designed to match pension liabilities, therefore no index available.									

## Asset management fees

ACTIAM charges asset management fees to ZL PPI on a quarterly basis. These fees are based on the rates set out in the Investment Management Agreement (IMA) with ACTIAM and vary with the amount of Assets under management (AuM) per investment fund.

MANAGEMENT FEES, TRANSACTION COSTS AND ASSET MANAGEMENT FEES 2021		
In € thousands	Management fees	Transaction costs
Shares and similar investments	1,603	227
Fixed-income investments	692	213
Investment property	108	36
<b>Total asset management fees and transaction costs</b>	<b>2,403</b>	<b>476</b>
<b>Management fees</b>	<b>3,935</b>	<b>-</b>
<b>Total</b>	<b>6,338</b>	<b>476</b>

## MANAGEMENT FEES, TRANSACTION COSTS AND ASSET MANAGEMENT FEES 2020

In € thousands	Management fees	Transaction costs
Shares and similar investments	847	223
Fixed-income investments	414	78
Investment property	80	14
<b>Total asset management fees and transaction costs</b>	<b>1,341</b>	<b>316</b>
<b>Management fees</b>	<b>2,435</b>	<b>-</b>
<b>Total</b>	<b>3,776</b>	<b>316</b>

Asset management fees for proprietary funds are invoiced by ACTIAM to ZL PPI and included in the profit & loss account. Asset management fees for funds from external asset managers and transactions costs are directly charged to the investment funds, i.e. deducted from the funds AuM.

Management fees are charged to the participants separately by deducting them directly from participants investment portfolio (labelled Liabilities to participants, see note 5 Liabilities to participants). These fees contribute to the income of ZL PPI and can be found under Management fee income in the profit & loss account.

# 2 CORPORATE GOVERNANCE

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## 2.1 THE BOARD OF DIRECTORS

The board of ZL PPI consists of two directors who are employed by Athora Netherlands. No staff is directly employed by ZL PPI. Dedicated PPI staff is insourced from Zwitterleven. The board is responsible for ZL PPI and acts in the interests of all its stakeholders. The board is responsible for managing ZL PPI's outsourcing contracts, marketing and sales and the full range of risk management and controls.

ZL PPI aims to have gender balance in the board of directors. The current directors are in charge since the beginning of ZL PPI. In case of a vacancy, ZL PPI will always aim to find the best candidate for the position. When more candidates have equal qualifications, we will give preference to the person that will help us reach the intended gender balance.

During the first two months of 2022, Marijke van Doorn joined to Board of Directors of ZL PPI to replace Arjen van Zanten temporarily.

## 2.2 THE SUPERVISORY COMMITTEE

The duty of the Supervisory Committee is to oversee the overall management of the company. The Committee oversees the Board's performance, the management processes, the execution of ZL PPI's investment policy and its risk management. The Supervisory Committee consists of four members of whom three members are from outside the Athora Netherlands company. Athora Netherlands is represented by a member of its Executive Board, Angelo Sacca.

In March 2022 J. C. Rietvelt left the Supervisory Committee of ZL PPI. His position in the Supervisory Committee was filled by Karin Bisschop as of 9 March 2022.

The Supervisory Committee meets at least four times a year with the Board.

The members of the Supervisory Committee in 2021 were:

- D.J. Okhuijsen
- J.C. Rietvelt (until March 2022)
- D.H. Mik
- A. Sacca
- K. Bisschop (as of March 2022)

## 2.3 REPORT OF THE SUPERVISORY COMMITTEE

The COVID-19 outbreak also had its impact on society in 2021. Similar to the year 2020, the board of ZL PPI monitored the COVID-related financial and non-financial risks to make sure that all business processes of ZL PPI could continue un-interrupted.

2021 was the first full year that Athora Netherlands N.V. was the shareholder of ZL PPI. Athora announced a tightening of its strategy. The board of ZL PPI is well aligned and has conducted a risk analysis on this to manage the positioning of ZL PPI within Athora Netherlands N.V.

Special attention was paid to the sale of ACTIAM by Athora Netherlands N.V. and the establishment of a long-term partnership between the PPI and ACTIAM. The implications, advantages and possible risks for the PPI as well as mitigating measures were extensively discussed.

Due to the development of the PPI the Supervisory Committee supports the strengthening of the risk and compliance function.

The Supervisory Committee is content about the effort of the board of ZL PPI to manage this year and has felt that the management was able to stay fully in control.

The ZL PPI Supervisory Committee is also satisfied about the business results of the ZL PPI in 2021.

In 2021, the Supervisory Committee held five ordinary meetings and two additional meetings in connection with both the possible sale of ACTIAM and the proposed modification of the Lifecycles. A number of topics were discussed during the ordinary meetings, mostly in accordance with the pre-agreed agenda for the year. Interim results were discussed each meeting.

Amongst others, special attention was given to:

- the reports of the key-function holders;
- SLA's outsourcing parties;
- performance reports;
- the market position of ZL PPI;
- the adjusted strategy of Athora Netherlands N.V.;
- risk management;
- cyber security;
- asset management;
- SFDR;
- New Pension Agreement.

ZL PPI plans to grow further in line with the operational plan that has been discussed during the meetings. Developments in the field of pensions and the implementation of the necessary changes will be closely monitored as a result. The adaptability of the outsourcing partners will be tested.

Finally, when looking into 2022, it is inevitable to also mention the crisis in Ukraine. We are deeply concerned about the situation in Ukraine and our thoughts go out to the people of Ukraine and all those directly affected by the conflict. Zwiterleven PPI has no business activities in Ukraine, Russia or Belarus and there is only very limited exposure in the investments. We will continue to monitor the developments and impact on our clients closely.

Amstelveen, The Netherlands, 24 May 2022

### **The Supervisory Committee**

D.J. Okhuijsen

D.H. Mik

K. Bisschop

A. Sacca

## 2.4 REMUNERATION

### Remuneration Policy

Zwitserleven PPI 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, including the Statutory Board members of ZL PPI. For the Statutory Board members of ZL PPI the Athora Netherlands Collective Labour Agreement (CLA) and the Group Remuneration Policy are applicable.

The Group Remuneration Policy is based on principles making sure it supports the corporate strategy, is compliant with applicable legal rules and regulations, not threatens Athora Netherlands's ability to maintain an adequate capital base, takes into account the interests of all stakeholders of Athora Netherlands, is transparent, aligned with Athora Netherlands's ambition and risk profile and supports the attraction and retention of qualified employees.

### Governance

The Group Remuneration Policy was established by the Executive Board of Athora Netherlands and approved by the Supervisory Board of Athora Netherlands after, insofar as applicable, fulfilment of any rights of the Works Council. The general meeting of Athora Netherlands adopted the Group Remuneration Policy after consultation with the Supervisory Board of Athora Netherlands.

The Supervisory Board's Remuneration and Nomination Committee (ReNomCo) prepares decisions on Remuneration policies as well as remuneration regarding Identified Staff and employees in control functions. The Executive Board of Athora Netherlands is responsible for the implementation of the remuneration policies. The Group Remuneration Policy is externally published on the website of Athora Netherlands: [www.athora.nl](http://www.athora.nl).

The Supervisory Committee of Athora Netherlands will monitor that the remuneration policy of Athora Netherlands is in line with laws, regulations and applicable codes. The Group Remuneration Policy is, amongst other rules, based on and in line the Financial Undertakings Remuneration Policy Act (Wet Beloningsbeleid Financiële Ondernemingen) which is incorporated in the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht or "FMSA") and the Regulation on Sound Remuneration Policies 2017 (Regeling Beheerst Beloningsbeleid 2017, "RBB 2017") with respect to staff working under the responsibility of Zwitserleven PPI N.V. For the Statutory Board of ZL PPI we follow RBB 2017.

### Elements of the Group Remuneration Policy

#### Fixed annual salary

The fixed annual gross salary consists of a fixed annual gross salary, including holiday allowance of 8% and a 13<sup>th</sup> month payment of 8.33% and insofar as applicable other fixed allowances. The annual gross salary is based on applicable salary scales. Employees are entitled according to the CLA to an annual increase.

According to the CLA Athora Netherlands (in 2021 Athora CLA 2021-2023) employees have received a periodic salary increase on 1 February 2021 and a collective salary adjustment of 2.25% per January 2021.

#### Pension

Nearly all employees participate in the same pension scheme of Athora Netherlands. The current scheme is a Collective Defined Contribution ("CDC") pension scheme, which is based on a pension accrual including an employee contribution of 4.5%. The contributions are paid by Athora Netherlands and employees respectively as employer and employee contributions. For employees who were employed by Athora Netherlands as per 31 December 2017 and with a salary exceeding the maximum pensionable salary for pension accrual, a compensation of 16.35% on an employee's pensionable salary in excess of € 112,189 is applied.



## **Other elements**

Other elements of the Group remuneration policy include:

- Social Plan 2021-2023 is applicable in case of reorganisation(s);
- Other benefits like lease car or lease car allowance.

## **Actual Remuneration members of the Board of Directors of Zwitterleven PPI and the Supervisory Committee**

Reference is made to note 9 Related parties for the actual remuneration of the members of the Statutory Board and the Supervisory Committee of ZL PPI.

# 3 RISK AND CAPITAL MANAGEMENT

## 3.1 RISK MANAGEMENT SYSTEM

Risk management is essential to ensure controlled risk-taking in ZL PPI's activities. This must result in the ability to provide assurance to the customers of ZL PPI on its resilience and continuity. To achieve this objective in the most efficient way, ZL PPI embedded risk management in the day-to-day processes and as part of the decision making process. This ensures that existing and emerging risks are properly identified, measured, mitigated, monitored and reported.

The core of the risk management process is supported by the Integrated Control Framework (ICF). The objective of the ICF is to provide reasonable assurance regarding:

- the design, effectiveness and efficiency of ZL PPI's management activity, operations and processes;
- the reliability of ZL PPI's financial, operational and other internal and external reporting; and
- compliance with regulatory requirements.

To fully understand the risk implications of ZL PPI's plan and to ensure that the planning approach is based on sound hypotheses and assumptions at least once a year a Risk Self-Assessment (RSA/ERB) is exercised by the Board in cooperation with Athora Netherlands's Operational Risk Management (Athora Netherlands ORM). The RSA gives an overview of the risk landscape ZL PPI is operating in and provides input on the assessment of the overall level of control. If necessary additional measures can be taken to mitigate the risk of exceeding risk tolerance limits.

## 3.2 RISK MANAGEMENT GOVERNANCE

### Risk management governance

ZL PPI's risk management system is set out in the Risk Management Policy Governance & Risk Management. The Risk Management Policy is incorporated in the integrated risk management policy structure of Athora Netherlands. The policy structure ensures timely identification and assessment of risks and adequate monitoring and reporting of the material risks, both at board and operations level. At least once a year the Risk Management Policy is assessed, adjusted if necessary and approved following regular governance.

### Risk management organization

At the highest level of the organization, the Board of ZL PPI exercises risk oversight on behalf of the shareholders of ZL PPI. The manager of Athora Netherlands' ORM department is appointed as the key function holder for the risk management function (IORP II). In the execution of this task, the key function holder relies upon risk control activities performed by other supporting functions within Athora Netherlands, e.g. Legal, Operational Risk Management, Internal Control, Compliance. The director of Athora Netherlands' Audit is appointed as function holder Audit.

To ensure control over the activities exercised by ZL PPI and those activities that have been outsourced, all processes are subject to the three lines model. The first line is represented by risk control activities performed by front-line employees and is responsible for monitoring the overall risk profile to be in line with the risk appetite. The second line has a monitoring role in respect of risk management actions and activities carried out by the first line. The third line is represented by Audit Athora Netherlands. The main responsibility of the third line is to provide independent assurance to the Board and the Supervisory Committee.

### Risk Committees

Risk Committees are part of Athora Netherlands's risk management organization. The Executive Board (EB) of Athora Netherlands sets the risk management framework, the Risk Appetite and the mandates

for the underlying committees. The Product Committee (PC) approves developments of products and services. The PC is the most relevant committee for ZL PPI.

ZL PPI relies on the risk management processes and risk committees which are organized within Athora Netherlands. As ZL PPI is an independently regulated company within the Athora Netherlands label Zwitserleven, it holds its own position in the Risk framework. Within the business line Pensions, which manages the Zwitserleven label, ZL PPI is represented in two committees by a Board member and holds a permanent seat. The committees are:

- A Product Market Pricing Management Team (PMP MT) is established for each business line which reports and gives account to the PC on product related developments. ZL PPI is represented in the PMP MT of Pensions. ZL PPI's product related issues are separately scheduled during the PMP MT meetings of Pensions.
- An Operational Risk and Compliance Management Team (ORC MT) is established for each business line and function. The ORC MT is responsible for managing the non-financial risks incurred by the business or functional lines. ZL PPI is represented in the ORC MT of Pensions. Topics related to the PPI are explicitly incorporated into the ORC MT meetings, with separate schedules and minutes.

In both committees, ZL PPI is represented by one of the directors of ZL PPI as a permanent member. As ZL PPI has its own duties and responsibilities, they may be different from or contradictory to those of Zwitserleven. Any such conflicts will be discussed explicitly in the ORC MT and the PMP MT, should this arise.

### **3.3 RISK MANAGEMENT PROCESS AND INTEGRATED CONTROL FRAMEWORK**

Risk management is a continuous process of identifying and assessing risks and establishing appropriate controls. Risk management is an inextricable part of the strategy including policy, processes, procedures, operational embedding, allocation of capacity and responsibilities, and independent testing of control effectiveness. The first and second line departments have been assigned a responsibility in this process, which is supported by the Integrated Control Framework (ICF).

The ICF provides the basis for the internal control system on risk management maturity. It contains core components that together form the basis for sound and controlled business operations within Athora Netherlands including ZL PPI, and demonstrably supports being in control. It measures the maturity of risk management and ensures steering on correct and complete risk reports via management controls and process key controls. For all components within the ICF, standards are included to set the minimum requirements. Each year the Board of the PPI assesses the effectiveness of its Management controls and each quarter it monitors the effectiveness of the process key controls at its outsourcing partners.

Zwitserleven en ACTIAM report on a quarterly basis to the board of ZL PPI on the effectiveness of the process key controls as agreed within the SLA. Outcomes are discussed in the board of ZL PPI, where the progress on action points is also monitored.

Each year ACTIAM and Zwitserleven report the level of internal control over the outsourced activities to the PPI in a separate ISAE 3402 report. The reports are evaluated by ZL PPI, and the impact on the PPI is assessed. If necessary ZL PPI will take required actions.

### **3.4 RELEVANT RISKS**

#### **Risk classification**

ZL PPI defined and structured several risk types based on its own assessment of risks given its risk profile and taking into account applicable laws and regulations. The risk classification is structured in main risk types and corresponding sub-risk types. Underwriting risks and market risks do not apply, because ZL PPI manages the assets for the participants. Financial risks are predominantly counterparty risk and liquidity risk. Investment risks are borne by the participant. The most relevant risks are: strategic risk, operational risk (including outsourcing and HR risk) and compliance risk.

## Strategic risk

Strategic risks are risk that relate to high-level goals, aligned with and supporting the entity's mission. These risks can have an Impact on gross income and operational expenses.

The dependency on Athora and ACTIAM for critical outsourced services are a potential risk for ZL PPI. Strategic choices of one off the outsourcings partners will have an impact on ZL PPI. Also ESG risks are identified and classified as strategic risk.

## Reputational risk

ZL PPI is a strong brand which represents quality towards customers and other stakeholders. To minimize the risk of (reputational) damage to the ZL PPI brand, yearly a strategic risk assessment/ ERB is held. Identified risk are classified and, if needed, additional actions are defined.

## Operational risk

Operational risk is the risk of direct or indirect losses due to inadequate or deficient internal processes and systems, owing to inadequate action being taken, human error or external events. In this sense, operational risk is overarching in nature. ZL PPI outsourced the execution of its main operating activities to Zwitserleven and ACTIAM and remains responsible for the management of the associated risks.

ZL PPI recognizes several types of operational risk:

### 1. Product and customer risk/ business model risk

An important risk for ZL PPI is that the product specification and pricing do not correspond to the customer's perception. ZL PPI products are offered to the market through a specific marketing and distribution strategy. Products and pricing are developed within Zwitserleven based on the latest market developments. ZL PPI has outsourced the Product Approval and Review Process to the PMP, which advises ZL PPI's management board.

Customer complaints or expressions of dissatisfaction are an important indicator for this risk type. Zwitserleven reports periodically to the ZL PPI on customer complaint figures, trends and improvement plans. ACTIAM also periodically reports to the ZL PPI on incidents.

### 2. Execution and process management risk/ third party risk

As back office processes are outsourced to Zwitserleven and the asset management activities to ACTIAM, ZL PPI carefully monitors the quality of the processes and the effectiveness of existing controls within the service providers. The effectiveness of controls are monitored by ZL PPI and incident analysis reports when applicable are received and discussed. ZL PPI addresses concerns and proposes additional actions to be taken. To provide additional assurance, both ACTIAM and ZL PPI report the results of the effectiveness of internal control in an ISAE 3402 report.

### 3. Information security risk

IT risk and business continuity risk are related to the outsourced processes to Zwitserleven. The PPI supervises these risks by monitoring the SLA report. In the ORC MT, ZL PPI may address concerns and propose additional actions to be taken. Effectiveness of general IT-controls are also part of both ISAE reports of ACTIAM and Zwitserleven, and are frequently discussed by the Board Members with specialists of both parties. Other operational risks such as internal fraud, security, safety and personnel and model risk are monitored likewise via the internal reporting process of Zwitserleven.

## Compliance risk

Compliance risk is the risk that an organization could suffer legal or regulatory sanctions, material financial loss, or loss of reputation as a result of non-compliance with laws, regulations, rules, self-regulatory standards, codes and unwritten rules that apply to its activities.

Non-compliance with integrity and conduct-related rules can lead to regulatory action, financial loss or damage to the reputation of ZL PPI, for example conviction of payment in fines, compensation, disciplinary action, imprisonment or exclusion proceedings.

Laws and regulations in scope consist among others of those laws and regulations under which the supervisory authorities, such as Authority for the Financial Markets (AFM), Dutch Central Bank (DNB), Authority for Consumers and Markets (ACM) and Data Protection Authority (AP) supervise aspects related to (non-) financial risks, such as the Dutch Financial Supervision Act (Wft), the Dutch Money Laundering and Terrorist Financing (Prevention) Act (Wwft) and the Dutch Sanctions Act.

Athora Netherlands annually analyses the risks related to sanction regulations, money laundering and terrorist financing on the basis of a Systematic Integrated Risk Assessment (SIRA). In 2021, ZL PPI performed an independent SIRA with support from Athora Netherlands' Compliance department. Previous gaps have been closed.

During 2020 and 2021 Athora Netherlands executed an improved program to remediate identified shortcomings in relation to compliance with Sanction law and anti-money laundering/counter terrorism financing regulation (Wwft). The program, which made significant steps in organizational governance, risk assessments, (automated) processes and tooling, aims to reduce residual risks on a structural basis. There are still outstanding remediation actions to be concluded in 2022 in the areas of customer/business partner due diligence, transaction monitoring and sanction screening. ZL PPI closely monitored actions taken.

In Athora Netherlands's efforts to ensure compliance with applicable laws and regulations, instances of non-compliance occur, with regard to Sanction law and anti-money laundering. These instances including a timely plan to address and resolve current and future cases, are shared with the regulators.

Compliance risk is also managed by the SLA with Zwitserleven and the investment management agreement with ACTIAM.

At least quarterly, the Athora Netherlands Compliance department proactively consults with the board members of ZL PPI where issues and developments are exchanged. In addition, on average a monthly informal meetings is held on specific topics and/or new laws and regulations.

Once a year, the Athora Netherlands Compliance department attends a meeting of the Supervisory Committee of ZL PPI, where specific compliance topics are discussed. Examples of these topics are:

- Compliance with existing laws and regulations Implementation of new laws/regulations;
- Incidents and complaint reports.

## **Counterparty default risk**

ZL PPI defines counterparty default risk as the risk of potential losses due to an unexpected payment default of the counterparties. The main source of counterparty default risk is the risk of customers not fulfilling their payment obligations. Zwitserleven is responsible for the execution of the payment arrears' process in accordance with the Pensions Act and for meeting legal deadlines. The remaining counterparty risk for ZL PPI is marginal.

The impact of COVID-19 on counterparty default risk as per 31 December 2021 is limited. There was no increase in impairments on investments or amounts in arrears.

## **Liquidity risk**

Liquidity risk is in the risk assessment defined as the risk of ZL PPI not having enough liquid assets to meet its financial liabilities in the short-term or in times of a stress situation, without incurring unacceptable costs or losses. ZL PPI has a current account relationship with Zwitserleven for the services provided. This interest bearing current account provides a credit facility to ensure a sufficient cash position, making the liquidity risk being low. The PPI monitors liquidity risk via internal reporting of Zwitserleven.

### 3.5 DEVELOPMENTS

The risk landscape of ZL PPI did not change in the course of 2021. No new risk types emerged that were not already identified during earlier annual Risk Self-Assessments and Eigen Risico Beoordeling (ERB).

The risk management and audit activities have been organized within the key functions risk management and internal audit. Both key functions have been outsourced to Athora Netherlands and key function holders have been appointed. In 2021 the Athora Netherlands' manager ORM was appointed the holder of the key function risk management. The holder of the internal audit function was outsourced to Athora Netherlands Audit and the new director appointed at Athora in 2021. Given the organizational structure of ZL PPI this was considered to be the most effective and sustainable way to organize the risk management and audit activities.

In accordance with the risk management framework an RSA was organized in May 2021 to determine whether ZL PPI's risk landscape has changed. The RSA was executed with the support of Athora Netherlands's 2nd line ORM department. Overall an increase was seen of operational risks (outsourcing risk) as a result of new Athora shareholder strategies at both Growth Business as ACTIAM, including the sale of ACTIAM to Cardano. A decrease was noted regarding financial risks, based upon the additional capital contribution of the shareholder and a profitable PPI. Another decrease was seen at integrity risk, based upon newly appointed function holders (informally approved) and the Pension agreement preparation resulting in consistent customer and product risk. This overview was seen as confirmed by the risk profile as composed and communicated by DNB were similar scores were given with a maximum of low or medium risk for the ZL PPI.

Outsourcing remains the key element in ZL PPI's business organization. The associated risks are monitored through the day to day monitoring of the SLA through the Service Level Reports and assurance reports (ISAE 3402 reports) from its outsourcing partners (Zwitserven and ACTIAM). All developments are discussed in MT meetings which are also participated by Athora Netherlands ORM, Audit Athora and specialists of Athora NL.

At the end of 2021 it became apparent that the Log4J incident made clear that ransomware attacks are a permanent issue with potential serious business – and reputational damage. Resolving the Log4J incident alone strongly impacted capacity at Athora NL. The Information Security department at Athora NL took adequate actions (closing systems, repair, etc) to prevent Athora NL being subject to ransom and / or business disruption. Vulnerability of systems and possible threats at outsourcings partner is regarded as emerging risk and additional and ongoing requirements will be set by ZL PPI in respect of requirements at the outsourcings partners.

Positive development is Zwitserven strengthening the overall In Control Framework (ICF) via the ICF 2.0 program. Athora Netherlands has implemented the deliverables from this program and is fully on track on these changes leading to a further strengthening of the control environment in the first line with second line moving more and more to an oversight and advice role in 2022.

As per 1 January 2022 ACTIAM N.V. will no longer be part of the Athora organization. Cardano will take over all current obligations as stated in the outsourcing agreement with ZL PPI. ZL PPI monitors the developments closely and is arranging for strict and clear governance and agreements to monitor progress and results and to mitigate any new emerging risks arising from the new arrangement.

During meetings with AFM and DNB several developments were a topic of the conversation. Also the results of several surveys in which ZL PPI participated were discussed. In addition questionnaires (integrity risk, risicoscore toelichting DNB and SBA NFR (Sector Brede Analyse Niet Financiële Risico's)) were completed for DNB. In all occasions no issues have been identified.

The COVID-19 pandemic has impacted ZL PPI and its outsourcing partners to a limited extent in 2021. The operations with the outsourcing partners remained meeting the agreed service levels in which even an increase of performance was noted. Athora Netherlands is well equipped for its staff working from home, no issues on operational activities for ZL PPI occurred so far nor are they expected to occur. The target level of assets under managed has been achieved.

The Russian invasion of Ukraine and rapidly escalating events since late February 2022 are a real tragedy to the people and are causing disruption to business and economic activity in the region and worldwide. At the date of this report the scale and length of this invasion is unknown, and the situation is still changing from day to day. We are deeply concerned about the situation in Ukraine and our thoughts go out to the people of Ukraine and all those directly affected by the conflict.

Zwiterleven PPI has no business activities in Ukraine, Russia or Belarus and there is only very limited exposure in the investments. We will continue to monitor the developments closely.

## 3.6 CAPITAL MANAGEMENT

### Legal requirements

The minimum capital a PPI entity is required to have is determined in chapter 9 of the Decree on Prudential Rules for Financial Undertakings (Besluit prudentiële regels Wft, Bpr).

PPI entities have to meet the following capital requirements:

- Minimum capital requirement (article 48 Bpr): € 500 thousand;
- Minimum solvency requirement (article 63a Bpr): at least 0.2% of the amount of assets under management to the extent that this exceeds € 250 million with a maximum of € 20 million. To qualify for the minimum of 0,2% the PPI must have an adequate professional liability insurance. If the PPI chooses not to take on such insurance coverage, the solvency requirement is at least 0.3%.

The calculation of the capital and solvency position of ZL PPI is further explained and reported in the Financial statements under Note 4 Equity.

In March 2021 Athora Netherlands N.V. made a capital injection of € 1 million to ZL PPI, in order to support the future growth of the PPI.

# **FINANCIAL STATEMENTS**

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# 4 FINANCIAL STATEMENTS

## 4.1 BALANCE SHEET

Before result appropriation and in € thousands	Ref.	31 December 2021	31 December 2020
<b>Assets</b>			
Fixed Assets			
Investments for account of participants	1	1,590,456	1,042,196
Current Assets			
Receivables and accrued assets	2	21,948	21,456
Cash at banks	3	17,799	15,643
<b>Total assets</b>		<b>1,630,203</b>	<b>1,079,295</b>
<b>Equity and liabilities</b>			
Equity			
Share capital		225	225
Share premium reserve		3,725	2,725
Other reserves		-274	-781
Result current year		878	506
<b>Total equity</b>	4	<b>4,554</b>	<b>2,675</b>
Liabilities			
Liabilities to participants	5	1,590,456	1,042,196
Other payables and accruals	6	35,193	34,424
<b>Total liabilities</b>		<b>1,625,649</b>	<b>1,076,620</b>
<b>Total equity and liabilities</b>		<b>1,630,203</b>	<b>1,079,295</b>

## 4.2 PROFIT AND LOSS ACCOUNT

In € thousands	Ref. <sup>1</sup>	2021	2020
<b>Results for account of PPI</b>			
<b>Income</b>			
Management fee income		3,935	2,435
Other fee income		3,103	2,618
Other income		284	356
<b>Total income</b>	10	<b>7,322</b>	<b>5,409</b>
<b>Expenses</b>			
Administrative expenses		6,058	4,670
Other expenses		93	64
<b>Total expenses</b>	11	<b>6,151</b>	<b>4,734</b>
<b>Result before tax</b>		<b>1,171</b>	<b>675</b>
Taxation		293	169
<b>Result after tax</b>		<b>878</b>	<b>506</b>
<b>Results for account of participants</b>			
Premium contributions		259,573	199,132
Investment result participants	12	180,798	71,041
Incoming transfer values		134,852	232,415
Outgoing transfer values		-6,034	-35,308
Expiration capital		-13,834	-8,686
Deducted costs (Management fees)	12	-3,935	-2,435
<b>Change in provision of obligations for risk participants</b>		<b>551,420</b>	<b>456,159</b>
1 The references next to the financial statement items relate to the notes to the financial statements in chapter 6.			

### 4.3 CASH FLOW STATEMENT

in € thousands	2021	2020
<b>Cash flow from operating activities</b>		
Operating result after tax	878	506
<b>Change in operating assets and liabilities:</b>		
Change in advances and liabilities	278	12,626
<b>Net cash flow from operating activities</b>	<b>1,156</b>	<b>13,132</b>
<b>Cash flow from investment activities</b>		
	-	-
<b>Net cash flow from investment activities</b>	<b>-</b>	<b>-</b>
<b>Cash flow from finance activities</b>		
Capital injection	1,000	-
<b>Net cash flow from financing activities</b>	<b>1,000</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,156</b>	<b>13,132</b>
Cash and cash equivalents 1 January	15,643	2,511
<b>Cash and cash equivalents as at 31 December</b>	<b>17,799</b>	<b>15,643</b>

The cash flow statement only comprises cash flows for account of ZL PPI, not of the participants of the ZL PPI. All cash flows of ZL PPI are reported as operating cash flows since ZL PPI has no investments for own account.

# 5 ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS

## 5.1 GENERAL INFORMATION

Zwitserleven PPI N.V. (further referred to as: 'ZL PPI'), incorporated and established in the Netherlands, is a public limited company incorporated under the laws of the Netherlands. ZL PPI has its registered office located in Utrecht, the Netherlands and has its principal place of business located at Burgemeester Rijnderslaan 7, 1185 MD Amstelveen, the Netherlands. The registration number at the Dutch Chamber of Commerce Trade is no. 55646484.

### Group structure

ZL PPI is a wholly owned subsidiary of Athora Netherlands N.V. with a registered office at Amstelveen, the Netherlands. Athora Netherlands N.V. is a wholly owned subsidiary of Athora Netherlands Holding Ltd. with a registered office at Dublin, Ireland, whose ultimate parent company is Athora Holding Ltd. domiciled in Bermuda.

### Related parties

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

### Tax group

Athora Netherlands N.V. and its subsidiaries, including ZL PPI, 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.

## 5.2 BASIS OF PREPARATION

The financial statements of ZL PPI have been prepared in accordance with the provisions of Book 2, Part 9 of the Netherlands Civil Code and the associated Guidelines for Annual Reporting in the Netherlands issued by the Dutch Accounting Standards Board. ZL PPI reports in compliance with standard RJ611.

## 5.3 GENERAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements. The financial statements have been prepared on an accrual basis.

### Functional currency and reporting currency

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

## 5.4 ACCOUNTING POLICIES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

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

Assets are recognised in the balance sheet when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Liabilities are

recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount has been reliably estimated.

## **Investments for account of participants**

ZL PPI is not exposed to any risk attached to investments on behalf of participants. The investments are recognised at the transaction date. Investments for account of participants and the corresponding liabilities to participants are recognised as an equal amount simultaneously in the balance sheet.

Any gains and losses on investments for account of participants are added directly to the liabilities to participants.

The investments for account of participants are entirely made in investment funds and are disaggregated based on the underlying investment type:

- Investment property;
- Shares and similar investments;
- Fixed-income investments.

The fair value of these investments is determined based on quoted prices in an active market or other available market data.

Other investments for account of participants mainly comprise cash and deposits falling due in less than 12 months. For these investments their fair value is deemed to equal their nominal value.

## **Receivables and accrued assets**

All the items classified as receivables and other accrued assets have the maturity of less than 12 months. These items are measured at nominal value.

### **Receipts and receivables from participants**

The item corresponds to the amounts receivable from employers of participants in ZL PPI.

## **Corporate income tax**

Corporate income tax relates to recoverable or payable tax for the reporting period and taxes receivable or due for previous periods, if any. Current tax assets and liabilities are measured using the applicable tax rate.

## **Receivables from group companies**

The item corresponds to the current accounts with Zwitserleven, Athora Netherlands and ACTIAM.

## **Cash at banks**

Cash at banks include bank balances and demand deposits with a remaining maturity of less than one month. These balances are measured at amortised cost based on the effective interest method net of impairment losses, if any.

## **Equity**

### **Share capital and share premium reserve**

The share capital comprises the issued and paid-up ordinary shares. The share premium reserve concerns capital that has been paid in above the nominal value of the issued ordinary shares.

### **Other reserves**

The other reserves comprise retained earnings of prior years.

## **Result current year**

This concerns the net income over the current reporting period net of income tax.

## **Liabilities to participants**

This item concerns the liabilities corresponding to the investments for account of participants. The amount recognised mirrors the fair value of the investments for account of participants (refer to the section “Investments for account of participants”). In accordance with the Institutions for Occupational Retirement Provision (IORP) regulations and the contracts with the participants’ employers dependants’ benefits are charged against the liabilities.

## **Other payables and accruals**

All the items classified as other payables and accruals fall due in less than 12 months. These payables are measured at nominal value. These payables comprise mainly the credit balances with the participants.

## **5.5 PRINCIPLES FOR THE DETERMINATION OF THE RESULT**

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

### **Results for account of PPI**

#### **Income**

Income primarily consists of (asset) management and administration fees, which are recognised in the reporting period in which the services are provided.

#### **Expenses**

Expenses consist primarily of the execution expenses (corresponding to collection and administrative activities) as well as ZL PPI’s allocated staff costs. These expenses are recognised as incurred.

#### **Tax**

Tax on profit is calculated using the applicable tax rate, taking into account the effects of tax facilities.

### **Results for account of participants**

#### **Premium contributions**

The amount corresponds to the premiums from the participants received in the reporting period.

#### **Incoming transfer values**

The item corresponds to the amounts received in the course of pension scheme transfers from other entities.

#### **Investment result participants**

This item comprises realised and unrealised changes in the fair value of the investments for account of participants.

#### **Outgoing transfer values**

The item corresponds to the amounts paid to the other entities in the course of pension scheme transfers.

### **Expiration capital**

The item corresponds to the amounts becoming available to the participants as a result of policies in the pension schemes, that have reached their maturity date. The participants may subsequently decide about the way, in which the benefits would be paid out.

### **Deducted costs**

This item corresponds to the management fees directly deducted from the deposits of participants.

## **5.6 ACCOUNTING POLICIES FOR THE CASH FLOW STATEMENT**

The cash flow statement is prepared according to the indirect method. It only comprises cash flows for account of ZL PPI, not for the account of the participants of the ZL PPI. All the cash flows are reported as operating cash flows since ZL PPI has no investing or financing activities.

## **5.7 CONTINGENT LIABILITIES AND COMMITMENTS**

Contingent liabilities are liabilities not recognised in the balance sheet because the occurrence or non-occurrence is contingent of one or more uncertain events in the future not wholly within the control of ZL PPI.

# 6 NOTES TO THE FINANCIAL STATEMENTS

## 1 INVESTMENTS FOR ACCOUNT OF PARTICIPANTS

BREAKDOWN OF INVESTMENTS FOR ACCOUNT OF PARTICIPANTS		
In € thousands	2021	2020
Shares and similar investments	1,024,929	663,975
Fixed-income investments	479,983	316,262
Investment property	84,366	54,727
<b>Investments in investment funds</b>	<b>1,589,278</b>	<b>1,034,964</b>
Other investments	1,691	1,268
Cash and other receivables of participants	-513	5,964
<b>Other investments</b>	<b>1,178</b>	<b>7,232</b>
<b>Total</b>	<b>1,590,456</b>	<b>1,042,196</b>

The increase in the amount of investments for account of participants is due to the expansion of ZL PPI in 2021. The number of contracts signed with employers increased from 2,501 at year-end 2020 to 2,909 at year-end 2021. Accordingly the number of participants involved increased to 94,008 (year-end 2020: 72,363 participants).

The premiums received from participants and invested in investment funds increased by € 61 million to € 260 million. The classification of the investment funds into Shares and similar investments, Fixed-income investments and Investment property is based on a high-level split of the underlying investment categories. Due to timing differences the actual breakdown can vary slightly, but this is corrected periodically. The investment funds are valued at fair value.

Other investments consist of amounts invested into a saving deposit with ABN Amro Bank.

Cash and other receivables of participants are also classified as investments. This amount includes cash balances and dividend tax assets for account of participants as well as premium received not yet invested. Premiums received in 2021 for 2022 are deducted as they are not part of the investment total yet, leading to a negative amount for cash and other receivables of participants at year-end 2021.

The investments for account of participants have not been lent to third parties.

STATEMENT OF CHANGE INVESTMENTS FOR ACCOUNT OF PARTICIPANTS 2021						
In € thousands	Shares and similar investments	Fixed-income investments	Investment property	Other investments	Cash and other receivables of participants	Total
<b>Balance as at 1 January</b>	<b>663,975</b>	<b>316,262</b>	<b>54,727</b>	<b>1,268</b>	<b>5,964</b>	<b>1,042,196</b>
Purchases and advances	222,444	173,231	25,989	-	-	<b>421,664</b>
Revaluations	158,831	-6,948	3,824	-	-	<b>155,707</b>
Disposals	-45,364	-2,584	-200	-	-	<b>-48,148</b>
Reinvested direct investment income	25,043	22	26	-	-	<b>25,091</b>
Other	-	-	-	423	-6,477	<b>-6,054</b>
<b>Balance as at 31 December</b>	<b>1,024,929</b>	<b>479,983</b>	<b>84,366</b>	<b>1,691</b>	<b>-513</b>	<b>1,590,456</b>



## STATEMENT OF CHANGE INVESTMENTS FOR ACCOUNT OF PARTICIPANTS 2020

In € thousands	Shares and similar investments	Fixed-income investments	Investment property	Other investments	Cash and other receivables of participants	Total
<b>Balance as at 1 January</b>	<b>377,039</b>	<b>173,817</b>	<b>32,987</b>	<b>667</b>	<b>-3,079</b>	<b>581,431</b>
Purchases and advances	242,131	135,924	21,711	-	-	<b>399,766</b>
Revaluations	48,170	13,678	65	-	-	<b>61,913</b>
Disposals	-12,460	-7,164	-62	-	-	<b>-19,686</b>
Reinvested direct investment income	9,095	7	26	-	-	<b>9,128</b>
Other	-	-	-	601	9,043	<b>9,644</b>
<b>Balance as at 31 December</b>	<b>663,975</b>	<b>316,262</b>	<b>54,727</b>	<b>1,268</b>	<b>5,964</b>	<b>1,042,196</b>

### Hierarchy in determining the fair value of investment funds

The investments for account of participants are mainly made in investment funds. Investment funds are recognised at fair value and classified into different categories. Those categories depends on the parameters used to determine the fair value and provides further insight into the valuation. The classification of the fair value hierarchy is based on ruling RJ 290.916. The categories are explained below:

#### Category 1 – Fair value based on quoted prices in an active market

Quoted prices from exchanges, brokers or pricing institutions are observable for properties and all financial instruments in this valuation category. In addition, these financial instruments are traded on an active market, which allows the price to accurately reflect current and regular market transactions between independent parties. The investments in this category mainly concern listed equities and bonds, including investment funds for account of policyholders whose underlying investments are listed.

#### Category 2 – Valuation performed by an independent party

This category includes property and financial instruments for which no quoted prices are available but whose fair value is determined using taxations and valuations performed by independent parties.

#### Category 3 – Net present value

The net present value method is applied for the determination of fair value of investments.

#### Category 4 – Other methods

Any other suitable method is used to determine the fair value of financial instruments and property, eg. the information taken from actual funds-reports.

FAIR VALUE HIERARCHY 2021						
In € thousands	Carrying amount	Fair value				Total
		Category 1	Category 2	Category 3	Category 4	
Shares and similar investments	1,024,929	1,024,929	-	-	-	<b>1,024,929</b>
Fixed-income investments	479,983	479,983	-	-	-	<b>479,983</b>
Investment property	84,366	84,366	-	-	-	<b>84,366</b>
Other investments and cash and other receivables of participants	1,178	1,178	-	-	-	<b>1,178</b>
<b>Total</b>	<b>1,590,456</b>	<b>1,590,456</b>	-	-	-	<b>1,590,456</b>

FAIR VALUE HIERARCHY 2020						
In € thousands	Carrying amount	Fair value				Total
		Category 1	Category 2	Category 3	Category 4	
Shares and similar investments	663,795	663,975	-	-	-	<b>663,975</b>
Fixed-income investments	316,262	316,262	-	-	-	<b>316,262</b>
Investment property	54,727	54,727	-	-	-	<b>54,727</b>
Other investments and cash and other receivables of participants	7,232	7,232	-	-	-	<b>7,232</b>
<b>Total</b>	<b>1,042,016</b>	<b>1,042,196</b>	-	-	-	<b>1,042,196</b>

## 2 RECEIVABLES AND ACCRUED ASSETS

SPECIFICATION RECEIVABLES AND ACCRUED ASSETS		
In € thousands	2021	2020
Receipts from participants	16,056	15,927
Receivables from participants	5,891	5,529
Other receivables	1	-
<b>Total</b>	<b>21,948</b>	<b>21,456</b>

### Receipts from participants

Receipts from participants include prepaid premium contribution for the year 2022, risk premium and costs to be settled and expiration capital to be paid.

### Receivables from participants

Receivables from participants relates to premium contribution not yet received.

### Other receivables

Other receivables include settlement account balances.

### 3 CASH AT BANKS

BREAKDOWN OF CASH AT BANKS		
In € thousands	2021	2020
Short-term bank balances	17,799	15,643
<b>Total</b>	<b>17,799</b>	<b>15,643</b>

The cash at banks concerns balances on bank accounts for account of ZL PPI at SNS Bank and BNP Paribas which are at free disposal of the entity. In 2021 cash amounts for account and risk of participants not yet invested are reported as investments or other receivables and accrued assets.

### 4 EQUITY

STATEMENT OF CHANGES IN TOTAL EQUITY 2021					
In € thousands	Issued share capital	Share premium reserve	Other reserves	Result current year	Total equity
<b>Balance as at 1 January 2021</b>	<b>225</b>	<b>2,725</b>	<b>-781</b>	<b>506</b>	<b>2,675</b>
Transfer of net result 2020	-	-	506	-506	-
Capital injection	-	1,000	-	-	<b>1,000</b>
Net result 2021	-	-	-	878	<b>878</b>
<b>Balance as at 31 December 2021</b>	<b>225</b>	<b>3,725</b>	<b>-274</b>	<b>878</b>	<b>4,554</b>

STATEMENT OF CHANGES IN TOTAL EQUITY 2020					
In € thousands	Issued share capital	Share premium reserve	Other reserves	Result current year	Total equity
<b>Balance as at 1 January 2020</b>	<b>225</b>	<b>2,725</b>	<b>-940</b>	<b>159</b>	<b>2,169</b>
Transfer of net result 2019	-	-	159	-159	-
Net result 2020	-	-	-	506	<b>506</b>
<b>Balance as at 31 December 2020</b>	<b>225</b>	<b>2,725</b>	<b>-781</b>	<b>506</b>	<b>2,675</b>

The share capital amounts to € 1,125,000 and comprises 112,500 ordinary shares with a nominal value of € 10 each. Of all shares, 22,500 shares are issued and fully paid up.

In March 2021 Athora Netherlands N.V. made a capital injection of € 1 million to ZL PPI, in order to support the future growth of the PPI.

#### Calculation of the capital and solvency

The calculation of the capital for a PPI entity is based on article 91 Brp. The minimum capital for an N.V. (thus for ZL PPI) according to article 50 Brp consists of:

- the issued and fully paid-up share capital;
- reserves, excluding revaluation reserves;
- (interim) results as long as they are positive and audited, minus dividends to be paid.

The surplus or short-position of the capital or solvency is based on the total capital minus the capital respectively solvency requirement.

## Capital and solvency position of ZL PPI

The objective of the board of ZL PPI is to ensure that there is sufficient capital to fulfil obligations towards participants and meet legal requirements.

With a total capital of € 4,554 thousand the minimum capital requirement of € 500 thousand is met with a surplus of € 4,054 thousand.

The Assets under Management of ZL PPI at year-end 2021 are € 1,590 million. In 2021 the Assets under management exceeded the amount of € 250 million, leading to an additional solvency requirement of € 2,681 thousand (above the minimum solvency requirement of € 500 thousand). This results in a total amount of required solvency of € 3,181 thousand. With a total capital of € 4,554 thousand (including the audited result of the year 2021) the solvency surplus is € 1,373 thousand at year-end 2021.

LEGAL CAPITAL AND SOLVENCY REQUIREMENTS		
In € thousands	2021	2020
<b>Legal capital requirement</b>		
Issued share capital	225	225
Share premium reserve	3,725	2,725
Other reserves	-274	-781
Result current year	878	506
<b>Total capital</b>	<b>4,554</b>	<b>2,675</b>
Minimum capital requirement	500	500
<b>Capital: surplus</b>	<b>4,054</b>	<b>2,175</b>
<b>Solvency requirement</b>		
Issued share capital	225	225
Share premium reserve	3,725	2,725
Other reserves	-274	-781
Result current year	878	506
<b>Total capital</b>	<b>4,554</b>	<b>2,675</b>
Minimum solvency requirement	500	500
Minimum solvency requirement for AuM exceeding € 250 million	2,681	1,584
<b>Solvency: surplus</b>	<b>1,373</b>	<b>591</b>

## Capital requirements based on risk analysis

In addition to above mentioned requirements, PPI entities are obliged to perform a risk analysis on a regular basis to determine the residual risk after implementation of the risk management measures. The residual risk has to be quantified in order to be able to calculate an additional capital requirement for the PPI entity if necessary.

At least annually, ZL PPI provides a risk analysis, quantifies risks arising from this risk analysis in order to determine an internal capital requirement, and ensures that it has sufficient capital to meet the internal capital requirement, taking into account the minimum required regulatory capital of € 500 thousand.

CAPITAL REQUIREMENT ACCORDING TO RISK ANALYSIS		
In € thousands	2021	2020
Operational risk	967	455
Credit/counterparty risk	6	22
Market risk	-	-
Compliance/integrity risk	66	112
Exit scenario risk	2	10
<b>Net Internal Capital Requirement</b>	<b>1,041</b>	<b>599</b>

In 2021 the risk analysis has been updated resulting in changes of capital requirements per (non) financial risk.

The most important change compared to 2020 concerns the increase of the operational risk which is the result of the changed strategy of the new shareholder Athora concerning the outsourcing of ongoing business and the sale of ACTIAM. The decrease of credit risk (financial risk) is based on the capital contribution of the shareholder of ZL PPI in 2021. The decrease of integrity risk is based upon newly appointed function holders and Pension agreement preparation resulting in consistent customer and product risk.

## 5 LIABILITIES TO PARTICIPANTS

BREAKDOWN OF LIABILITIES TO PARTICIPANTS		
In € thousands	2021	2020
Provision of obligations for risk participants	1,592,805	1,041,385
<b>Total provision of obligations for risk participants</b>	<b>1,592,805</b>	<b>1,041,385</b>
Other debts for account of participants	-2,349	811
<b>Total</b>	<b>1,590,456</b>	<b>1,042,196</b>

STATEMENT OF CHANGE IN PROVISION OF OBLIGATIONS FOR RISK PARTICIPANTS		
In € thousands	2021	2020
<b>Balance as at 1 January</b>	1,041,385	585,226
Premium contributions	259,573	199,132
Investment result participants	180,798	71,041
Incoming transfer values	134,852	232,415
Outgoing transfer values	-6,034	-35,308
Expiration capital	-13,834	-8,686
Deducted costs (Management fees)	-3,935	-2,435
<b>Balance as at 31 December</b>	<b>1,592,805</b>	<b>1,041,385</b>

The statement of change above contains the total change in provision of obligations for risk participants.

The recorded investment result for risk participants is the sum of the value developments of the investments and transaction and service costs that are withdrawn from the investment for account of the participants. Costs for risk participants are deducted from the obligations for risk participants.

The Net Pension product of ZL PPI, 'Zwitserleven Netto Pensioen' is a pension product for employers with employees with a wage higher than € 112,189 (2020: € 110,111). This pension product is only offered in combination with a collective pension plan of ZL PPI. It is a defined contribution (hereafter DC) plan based on investments (pure premium agreement) and optionally a survivor's pension and premium waiver in case of disability for work. An employee may voluntarily deposit money for a net pension. The Net Pension product is administered separated from other products with a specific product code. Data concerning participants with a Net Pension agreement is available in the systems. At year-end 2021, 479 participants (of which 301 active) are using in the Net pension plan (year-end 2020: 307 participants of which 193 active). Of the active participants 73 have build-up a pension value.

## 6 OTHER PAYABLES AND ACCRUALS

BREAKDOWN OF OTHER PAYABLES AND ACCRUALS		
In € thousands	2021	2020
Prepaid premium contributions	12,019	11,753
Risk premium and cost to be paid	2,528	2,609
Expiration capital to be paid	1,453	1,492
Outgoing transfer values to be paid	55	73
Liabilities to participants	5,891	5,529
Liabilities to other parties	15	6
Debts to group companies	12,771	12,778
Corporate income tax payable	461	169
Accrued liabilities	-	15
<b>Total</b>	<b>35,193</b>	<b>34,424</b>

### Prepaid premium contributions

Prepaid premium contribution are premium contributions regarding the year 2022.

### Risk premium and cost to be paid

Risk premiums are management fees deducted from premium contribution of participants and are to be settled with Zwitserleven during the year 2022.

### Expiration capital to be paid

Expiration capital to be paid relates to benefits and outgoing amounts. Investments have been sold and the expiration capital should be paid out to participants or other parties.

### Liabilities to participants

Liabilities to participants relates to premium contribution not yet received and recorded as receivables from participants. Refer to note 2 Receivables and accrued assets for the corresponding asset amount.

### Debts to group companies

The payables to related parties (due in less than one year) is a current account with Athora Netherlands, SRLEV and ACTIAM.

### Corporate income tax

The corporate income tax payable of € 461 thousand at year-end 2021 concerns the tax for 2021 and 2020 (year-end 2020: payable of € 169 thousand).

## **Accrued liabilities**

Accrued liabilities include payables for employee benefits and other accrued costs.

Payables and accruals are due in less than one year.

## **7 EVENTS AFTER BALANCE SHEET DATE**

### **Composition Board of Directors and Supervisory Committee**

During the first two months of 2022, Marijke van Doorn joined to Board of Directors of ZL PPI to replace Arjen van Zanten temporarily.

In March 2022 J. C. Rietvelt left the Supervisory Committee of ZL PPI. He is replaced as member of the Supervisory Committee by Karin Bisschop as of 9 March 2022.

### **Russia-Ukraine war**

The Russian invasion of Ukraine and rapidly escalating events since late February 2022 are a real tragedy to the people and are causing disruption to business and economic activity in the region and worldwide. At the date of this report the scale and length of this invasion is unknown, and the situation is still changing from day to day. We are deeply concerned about the situation in Ukraine and our thoughts go out to the people of Ukraine and all those directly affected by the conflict.

Zwiterleven PPI has no business activities in Ukraine, Russia or Belarus and there is only very limited exposure in the investments. We will continue to monitor the developments and impact on our clients closely.

## **8 CONTINGENT LIABILITIES**

No contingent liabilities are recognised for ZL PPI.

## **9 RELATED PARTIES**

### **Identity of Related Parties**

Parties are considered to be related if one party can exercise control or significantly affect the other party's financial or operating policies. ZL PPI's related parties are its ultimate parent Athora, its parent Athora Netherlands, affiliates and ZL PPI'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 between ZL PPI, Athora Netherlands and Affiliates

INTRA-GROUP BALANCES AND TRANSACTIONS						
	Athora Netherlands		Affiliates		Total	
In € thousands	2021	2020	2021	2020	2021	2020
<b>Positions</b>						
Other payables and accruals (Liabilities to group companies)	-52	-123	-12,719	-12,654	<b>-12,771</b>	<b>-12,777</b>
<b>Total</b>	<b>-52</b>	<b>-123</b>	<b>-12,719</b>	<b>-12,654</b>	<b>-12,771</b>	<b>-12,777</b>
<b>Transactions</b>						
Obtain loans (Other payables and accruals)	-	-	-	12,500	-	<b>12,500</b>
Capital injection	1,000	-	-	-	<b>1,000</b>	-
<b>Administrative expenses</b>						
Administration and management fees (Zwitserleven)	-	-	4,887	3,623	<b>4,887</b>	<b>3,623</b>
Asset management fee rebate (Zwitserleven)	-	-	-751	-621	<b>-751</b>	<b>-621</b>
Asset management fees (ACTIAM)	-	-	1,502	1,223	<b>1,502</b>	<b>1,223</b>

ZL PPI has no intra-group positions and transactions with Athora Holding Ltd.

## Intra-group Balances and Transactions with Key Management Personnel of ZL PPI

The key management personnel consists exclusively of the members of the Board of Directors and the Supervisory Committee of ZL PPI.

The Board of Directors of ZL PPI comprised two members as at 31 December 2021 (31 December 2020: 2). The Supervisory Committee of ZL PPI comprised four members as at 31 December 2021 (31 December 2020: 4).

## Actual Remuneration Members of the Board of Directors

The following table provides a breakdown of the total remuneration of the Board of Directors and the Supervisory Committee of ZL PPI for the year 2021 and 2020.

BREAKDOWN OF REMUNERATION MEMBERS OF THE BOARD OF DIRECTORS		
In € thousands	2021	2020
Short-term employee benefits	365	362
Post-employment benefits	52	43
<b>Total</b>	<b>417</b>	<b>405</b>

The short-term employee benefits mainly include salaries, social security charges and travel expenses. The post-employment benefits concern pension costs.

No variable remuneration is paid in 2021 to the members of the Board of Directors of ZL PPI.

In 2021, no employee of ZL PPI received a total remuneration exceeding € 1 million.



## Actual Remuneration Members of the Supervisory Committee

The following table provides an overview of the total remuneration of the Supervisory Committee members in 2020 and 2021 (excluding 21% VAT).

BREAKDOWN OF REMUNERATION MEMBERS OF SUPERVISORY COMMITTEE		
In € thousands	2021	2020
Total fixed remuneration of Supervisory Committee members	49	49
<b>Total</b>	<b>49</b>	<b>49</b>

## Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2021 (and 2020) and/or granted to members of the Board of Directors or the members of the Supervisory Committee during 2021.

## 10 INCOME

BREAKDOWN OF INCOME		
In € thousands	2021	2020
<b>Management fee income</b>		
Management fee	3,935	2,435
<b>Other fee income</b>		
Administration fee	3,103	2,618
<b>Other income</b>		
Other operating income	284	356
<b>Total</b>	<b>7,322</b>	<b>5,409</b>

### Management fee and administration fee

Management fees of € 3,935 thousand (2020: € 2,435 thousand) relate to fees received in respect to the (outsourced) asset management activities performed by ZL PPI. These fees are deducted from the Liabilities to participants.

Additionally administration fees of € 3,103 thousand (2020: € 2,618 thousand) are received from customers as a compensation of the administration expenses made by ZL PPI.

### Other income

The other income of € 284 thousand (2020: € 356 thousand) comprises amounts received due to the death of some participants. After deduction of the partner and/or orphan pension the residual amount is for account of ZL PPI.

## 11 EXPENSES

BREAKDOWN OF EXPENSES		
In € thousands	2021	2020
<b>Administrative expenses</b>		
Administration costs	5,648	4,243
- Administration and management fees (Zwitserleven)	4,887	3,623
- Asset management fees (ACTIAM)	1,502	1,223
- Asset management fee rebate (Zwitserleven)	-751	-612
- Custody costs (ACTIAM)	10	9
Staff costs	410	427
- Salaries	320	317
- Pension costs	42	43
- Social security contributions	23	42
- Other staff costs	25	25
<b>Other expenses</b>		
Other operating expenses	93	64
<b>Total</b>	<b>6,151</b>	<b>4,734</b>

Administration costs include administration and management fees invoiced by Zwitserleven to ZL PPI for handling the administration of ZL PPI (€ 4,887 thousand). Those costs are based on the SLA between Zwitserleven and ZL PPI.

Administration costs also include investment management costs (€ 1,502 thousand, half of which are covered by Zwitserleven) and custody costs (€ 10 thousand) charged by ACTIAM.

Other operating expenses mainly consist of the fees invoiced by the members for the Supervisory Committee.

## 12 INVESTMENT RESULTS FOR ACCOUNT OF PARTICIPANTS AND SETTLED COSTS FOR RISK PARTICIPANTS

SPECIFICATION INVESTMENT RESULT PARTICIPANTS		
In € thousands	2021	2020
Direct investment income	25,091	9,128
Revaluation results with regard to investments in:		
- Shares and similar investments	158,831	48,170
- Fixed-income investments	-6,948	13,678
- Investment property	3,824	65
- Other investments	-	-
<b>Total</b>	<b>180,798</b>	<b>71,041</b>

SETTLED COSTS FOR RISK PARTICIPANTS		
In € thousands	2021	2020
This concerns costs that are withdrawn from the participants' investment account	-3,935	-2,435
	<b>-3,935</b>	<b>-2,435</b>

Total costs for asset management, performance fees and transactions costs are not reported separately in the table above. Those costs are administered in the investment funds and deducted directly from the returns for participants. Therefore no split between investment results and charged costs can be made. Information about asset management, performance and transaction costs is given in chapter 1.5 Investments.

Fees charged for asset management are reported as income (note 10).

### 13 RESULT APPROPRIATION

Similar to 2020, the Board of Directors proposes to the General Meeting of Shareholders not to distribute dividend for 2021 to Athora Netherlands N.V. and to add the positive result for 2021 of € 878 thousand to other reserves of ZL PPI.

In accordance with the resolution of the General Meeting of Shareholders held on 24 June 2021, the positive result for 2020 of € 506 thousand has been added to the other reserves of ZL PPI.

Amstelveen, the Netherlands, 24 May 2022

#### The Board of Directors

Drs. A.E. van Zanten CEO

Drs. E.P. van Santen COO

# **OTHER INFORMATION**

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## **PROVISIONS IN ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFIT OR LOSS**

### **Article 31**

31.1. The profit shall be to the appropriation of the General Meeting of Shareholders.

31.2. The entity may only make distributions to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the total amount of its issued share capital and the reserves to be maintained pursuant to the law.

31.3. Profits will be only distributed after adoption of the financial statements showing that this is justified.

**INDEPENDENT AUDITOR'S REPORT**



## Independent auditor's report

To: the shareholder, supervisory committee and board of directors of Zwitserleven PPI N.V.

### Report on the audit of the financial statements 2021 included in the annual report

#### Our opinion

We have audited the financial statements 2021 of Zwitserleven PPI N.V., based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Zwitserleven PPI N.V. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2021;
- The profit and loss account for 2021;
- The notes comprising a summary of the accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Zwitserleven PPI N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

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

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

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

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the board 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.

## Description of responsibilities for the financial statements

### Responsibilities of the board of directors and the supervisory committee for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors 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 board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors 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 committee 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. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Concluding on the appropriateness of the board of directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the supervisory committee 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.

We provide the supervisory committee 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.

The Hague, 24 May 2022

Ernst & Young Accountants LLP

Signed by J. Slager