Annual Report Zwitserleven PPI NV 2019

# **Table of content**

#### **Board Report** $\geq$

< 5

$\geq$	1. Strategy	and Developments	224
$\sum$	1.1. About Z	witserleven PPPNV	232A
	1.2. Key figu		\$
22	1.3, Aimanc	Corporate Responsibility	357
23	1.4. Financia	al developments and investments	
$\leq$	2 Corpore	ate Governance	>> >>13
55	くろく ろそらえ	are over nance	252
35	くろくろえら	pervisory Committee	>< < 33
222	こくこくらご	of the Supervisory Committee	>> >> 14
55	2.4. Remune	^ > <	>>-\" >> 15
32			> > > > >
$\langle \rangle \langle$	3. Risk an	d Capital Management	3317
33	3.1. Risk ma	nagement system	3347
22	3.2. Risk ma	nagement governance	23217
;<<	3.3. Risk ma	nagement process and Integrated Control Framework	5318
35	3.4. Relevan	trisks	<u> </u>
223	3.5. Develop	xments	<<2
53	3.6. Capital	management	2322
	Financial	Statements	<>>24
\$\$\$			
$\geq$	4. Financi	al statements	3>25
53	4.1. Balance	sheet	25
53	4.2. Profit ar	ad loss account	26
35	4.3. Cash flo	w statement	327
222			,><>
$\overline{\langle}$	<b>5. Accoun</b>	ting policies for the financial statements	<>-28
$\mathbf{x}$	6. Notes to	o the financial statements	< < 33
\$??	><><>	<><><><><><><><><><><><><><><><><><><><>	<u> </u>
$\geq$	Other info	irmation >>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	3546
<u>}</u>	1. Provisio	ns in Articles of Association governing the appropriation of profit	47
	><><>>	ident auditor's report	,>->-> 
くえ		322222222222222222222222222222222222222	523

3

2



# 1. Strategy and Developments

## 1.1. About Zwitserleven PPI NV

## Message from the Board of Directors

Zwitserleven Premie Pensioen Instelling (hereafter ZL PPI) has grown significantly in 2019. The number of company pension contracts further increased, resulting in a growth both in pension participants (38 %) and Assets under Management (83 %). We expect growth to continue in 2020. However, the Covid-19 outbreak in the first months of 2020 will most likely impact the global economy and ZL PPI's financial position and results. ZL PPI is closely monitoring any financial impact.

This annual report of ZL PPI gives, in particular, insight into the products, mission, developments and risk and capital management of ZL PPI during 2019.

In 2019, Anbang Group Holdings Co. Limited has reached a conditional agreement on the sale of VIVAT NV, the shareholder of ZL PPI, to Athora Holding Ltd.. Over the past months extensive preparations for the integration have been executed, making VIVAT and its subsidiaries ready for the future. In March 2020, the transaction has been approved by among others the Dutch National Bank (DNB). Early April 2020, Athora announced that it has completed its acquisition of VIVAT by acquiring 100% of the shares from Anbang.

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, 25 May 2020

**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 VIVAT NV (hereafter VIVAT) with a registered office in Utrecht, 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 the investment management processes. The operating activities concerning Finance and Risk are outsourced to Zwitserleven (brandname of SRLEV NV) and VIVAT. VIVAT's asset manager ACTIAM manages the ZL PPI investment funds.

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 VIVAT, 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.

In order to support companies with up to 10 employees that do not provide a pension scheme due to limited access to advice, in 2018 a white label pilot was introduced to a few independent distributors. In 2019 it was decided to make this a full business proposition that was rolled out to another 4 distributors. On the basis of an evaluation of the pilot, the application was improved and its use has been made more easy.

In order to cater for the international work force of our clients, in 2019 most relevant documents have been translated in English.

### **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. The number of inactive participants increased even though a value transfers for participants with small pensions ('Wet waardeoverdracht Klein Pensioen') took place in 2019.

## Number of participants

	2019	2018
Active	38,273	26,523
Inactive	14,393	11,533
Total	52,666	38,056

## Number of contracts

	2019	2018
Contracts with employers	2,126	1,730

## 1.2. Key figures

In € thousands	2019	2018	<b>2017</b> <sup>1</sup>	2016	2015
Profit and loss account					
Total income	3,738	2,343	1,550	765	445
Total expenses	3,526	2,386	1,723	1,092	768
Tax expense	53	-11	-43	-82	-81
Net result for account of PPI	159	-32	-130	-245	-242
Premium contributions	143,513	98,382	64,770	26,704	17,053
Balance sheet					
Total assets	599,849	330,915	177,113	71,623	28,152
Investments for account of participants	581,431	317,857	169,134	64,345	23,677
Total equity	2,169	2,010	2,042	2,172	2,417
Liabilities to participants	581,431	317,857	169,134	64,806	23,671
Other liabilities	16,249	11,048	5,937	4,645	2,064
Capital position					
Required capital	500	500	500	500	500
Required solvency	1,163	636	500	500	500
Number of contracts with employers	2,126	1,730	1,325	775	447
Number of participants	52,666	38,056	25,174	11,883	6,759

<sup>1</sup> Balance sheet amounts for years prior to 2017 are presented according to published annual reports; amounts from 2017 onwards are reported according to new reporting guideline RJ611. Amounts prior to 2018 were not subject to any audit.

## 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 adequate 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, 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. We only invest in companies we know to respect international treaties and pass a 'sustainability test'. The test checks whether companies respect local and international agreements made on:

- > Human rights
- > Labour laws
- > Corruption
- > The environment
- > Weapons

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, if a company does 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 the Socially Responsible Investment Index criteria.

## Positive selection

In Europe, 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.

## Impact Investing

In 2019 we improved the sustainability of our investments as we further enhanced impact investment in several funds. In 2019 ACTIAM launched the Sustainable Emerging Markets Debt fund (EMD) as part of the Zwitserleven Selection Fund which aims to comply with socio-ethical investment standards with special attention to human rights and environmental issues. Part of the Zwitserleven World Equity Fund is now invested in an actively managed equity fund that contributes to the Sustainable Development Goals of the United Nations. With these adjustments we contribute even more to a world that is worth living in. Our customers find sustainability increasingly important.



Figure 1 Sustainable development goals

## Market developments

The growth of the PPI market share continued to be strong in 2019. In 2019 the Dutch government reached a new pension agreement ('pensioenakkoord') with labor unions and employee organisations. This pension reform should be implemented in 2022. The first draft of the pension reform fits the positioning of the ZL PPI as 'Defined contribution' (DC) will be the standard format of the new pension agreement and individualization is expected to be the leading principle.

## What do others think?

The insurer Zwitserleven and the parent company VIVAT continue to achieve excellent scores on sustainability. For the first time the Dutch Association of Investors for Sustainable Development (VBDO) has scored VIVAT as an independent entity from Zwitserleven. The VBDO awarded VIVAT second place in a list of 29 insurers.

Our asset manager has also received an excellent score in the Principles for Sustainable Investing (PRI) annual report. ACTIAM is a signatory to the PRI, and has achieved the maximum score (A+) in 12 of the 13 modules. ACTIAM distinguishes itself on the implementation of its sustainable investment policy via screening, ESG integration and active ownership.

## 1.4. Financial developments and investments

### Growth

As indicated in the 2018 annual report, ZL PPI has grown significantly in 2019 in number of clients and services. An increasing number of large companies has also decided to become client of ZL PPI.

In total 2,126 employers are being serviced by ZL PPI involving 52,666 participants. Assets under management increased to € 581 million. At the end of the year, the 12 month forward annualized premium income has risen to € 143.5 million.

## **Operating result**

The operating result before tax, which is the result including all expenses that are necessary to keep the business running, improved from  $\notin$  43 thousand negative in 2018 to  $\notin$  212 thousand positive in 2019. The fact that ZL PPI realized a profit for the first time in 2019 is mainly the effect of 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 2019 are € 18.4 million (yearend 2018: € 13.1 million). The current liabilities at year-end 2019 are € 16.2 million (year-end 2018: € 11.0 million), leading to a current ratio of 1.13 at year-end 2019 (2018: 1.18). This means ZL PPI is solvent and more than able to meet its current obligations.

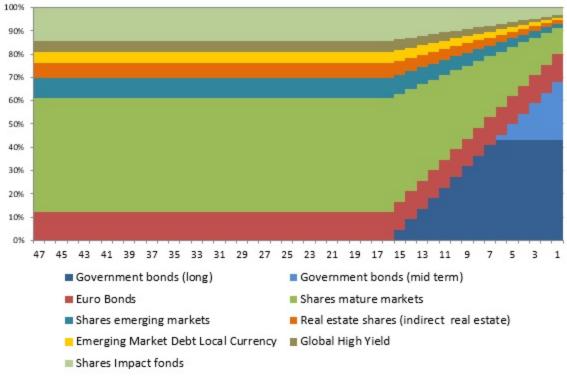
### Investments

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*).

### Investments for account of participants 2019

In € millions	Horizon beleggingen	Profiel beleggen	Vrij beleggen
Active	453	12	5
Inactive	108	3	4

The default asset mix is determined by a lifecycle. Each participant in lifecyle investments has a personalized asset mix that matches with the age and the risk profile of the participant which is based on the remaining time till retirement. The risks in the lifecycle are automatically reduced towards retirement date. This derisking is done by investing more in medium and long duration fixed income funds and less in equity funds when the client gets closer to the retirement date. In this manner both the interest rate risk and the risk on equities are being reduced incrementally. As a default the assets are invested in 'Horizon investment', the lifecycle with a risk neutral profile. ZL PPI's lifecycle is tailored towards the pension benefit that is aimed



for at retirement date. Below figure shows the composition of investment categories for the residuals years until retirement.

Figure 2 Asset under management

In the following table you will find the historical investment returns of 'Horizon investments' for different ages. When a participant has not used the other risk profiles and invested in the default for the full year, these would have been the results for the 2013-2019 period.

	Age	e 25	Age	e 45	Age	55	Age	e 65
	Life cycle	Index	Life cycle	Index	Life cycle	Index	Life cycle	Index
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	8.30%	7.90%	7.90%	7.60%	5.90%	5.00%	0.40%	-0.20%
2016	8.40%	8.00%	8.20%	7.90%	9.00%	9.10%	7.80%	7.40%
2015	5.80%	5.30%	5.60%	5.20%	3.90%	3.60%	0.60%	0.50%
2014	14.40%	14.00%	15.00%	14.70%	17.20%	17.10%	21.60%	21.90%
2013	11.50%	12.00%	8.90%	9.30%	4.90%	5.20%	-2.70%	-2.70%
Average 2013 - 2019	9.20%	9.00%	8.80%	8.60%	8.20%	8.10%	5.90%	5.90%

### Life Cycle historical return

The lifecycles are constructed by mixing five different investment funds. In the following table you will find the performance per investment fund.

## Investment performance

		2019		Ave	rage: 3 Y	ear <sup>1</sup>	Ave	rage: 5 Y	ear <sup>1</sup>
	Fund	Index	+/-	Fund	Index	+/-	Fund	Index	+/-
Zwitserleven Wereld Aandelen Fund	27.53%	27.25%	0.28%	9.79%	9.37%	0.42%	9.46%	9.04%	<b>0.42</b> %
Zwitserleven Credits Fund	6.22%	6.29%	-0.07%	2.46%	2.41%	0.05%	2.32%	2.24%	0.08%
Zwitserleven Selectie Fund	18.36%	18.52%	-0.16%	6.69%	6.82%	-0.13%	6.67%	6.46%	<b>0.21</b> %
Zwitserleven Medium Duration Fund <sup>2</sup>	4.36%	n/a		1.92%	n/a		1.98%	n/a	
Zwitserleven Long Duration Fund <sup>2</sup>	16.75%	n/a		6.27%	n/a		6.05%	n/a	

<sup>1</sup> Up to and including 2019

<sup>2</sup> Fund is determined for pension-investments explicitly, therefore no index available.

Costs for asset management are charged to ZL PPI by ACTIAM on a quarterly basis. These costs are based on rates fixed in the IMA with ACTIAM and depend on the total amount of Assets under management per investment fund.

# Management and performance fees, transaction costs and asset management fees 2019

In € thousands	Management fee	Transaction costs
Shares and similar investments	484	41
Fixed-income investments	232	20
Investment property	43	4
Total management fees, performance fees and transaction costs	758	64
Asset management fees	1,520	-
Total	2,278	64

## Management and performance fees, transaction costs and asset management fees 2018

In € thousands	Management fee	Transaction costs
Shares and similar investments	239	65
Fixed-income investments	141	38
Investment property	22	6
Total management fees, performance fees and transaction costs	402	109
Asset management fees	847	-
Total	1,249	109

Management fees and transaction costs are charged within the investment funds and deducted from the Assets under Management. Therefore these are not visible in the profit & loss account of ZL PPI.

Asset management fees are charged to the participants by deducting the amounts from the provision of obligation for risk participants. These amounts are presented in the profit & loss account of ZL PPI.

# 2. Corporate Governance

## 2.1. The Board of Directors

The board of ZL PPI consists of two directors who are employed by VIVAT. No staff is directly employed by ZL PPI. Dedicated PPI staff is insourced from Zwitserleven. 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 show equal qualities, we will give preference to the person that will help us reach the intended gender balance.

## 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 VIVAT company. VIVAT is represented by a member of its Executive Board. The Supervisory Committee meets at least four times a year with the Board.

The members of the Supervisory Committee in 2019 were:

- > D.J. Okhuijsen
- > J.C. Rietvelt
- > J.C.A. Potjes
- > D.H. Mik

No changes have taken place in the composition of the Supervisory Committee in 2019. However J.C.A. Potjes left the Supervisory Committee of ZL PPI in 2020 as his position in the Executive Board of VIVAT did come to an end due to the sale of VIVAT to Athora.

## 2.3. Report of the Supervisory Committee

The ZL PPI Supervisory Committee is satisfied about the results and the operations of the ZL PPI in 2019.

In 2019, the Supervisory Committee held five meetings. In these meetings a number of topics were discussed. The schedule of the year-plan was followed. Interim results were discussed every meeting.

Amongst others, special attention was given to:

- > IORP II;
- > SLA;
- > performance reports;
- > the market position of ZL PPI;
- > evaluation of the white label variant and the changes in the online funnel;
- > potential new shareholder of VIVAT;
- > audit governance and risk management;
- > cyber security (PE);
- > asset management (PE);
- > changes in the participant's portal;
- > intercompany cash flows.

As already started in 2018, the Supervisory Committee has tested the principle of 'putting the client first' ('klantbelang centraal') throughout the year 2019. The Supervisory Committee was pleased with the outcome of those tests and feels the management board is compliant with this important business principle.

2019 was a special year for ZL PPI. Anbang, the shareholder of VIVAT, decided to start a strategic reorientation which resulted in the sale of VIVAT. The board has prepared for all kinds of possible scenarios to manage the positioning of ZL PPI. The Supervisory Committee has given the necessary attention to this. The transition of VIVAT to the new shareholder and the potential impact this will have on the strategy of VIVAT and the services provided by the outsourcing partners of ZL PPI was discussed extensively.

ZL PPI plans to grow further in line with the operational plan that has been discussed during the meetings. Developments on pensions both at a European level as at a national level will be followed closely, as structural changes are to be expected and the adaptability of the outsoucing partners will be tested.

Amstelveen, The Netherlands, 25 May 2020

#### The Supervisory Committee

D.J. Okhuijsen

D.H. Mik

J.C. Rietvelt

## 2.4. Remuneration

## **Remuneration Policy**

Zwitserleven PPI NV is a full subsidiary of VIVAT NV. All employees are employed by VIVAT. The Group Remuneration Policy VIVAT applies to all employees working under the responsibility of VIVAT, including the Statutory Board members of ZL PPI. For the Statutory Board members of ZL PPI the VIVAT Collective Labour Agreement (CLA) 2018-2019 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 VIVAT's ability to maintain an adequate capital base, takes into account the interests of all stakeholders of VIVAT, is transparent, aligned with VIVAT'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 VIVAT and approved by the Supervisory Board of VIVAT after, insofar as applicable, fulfilment of any rights of the Works Council. The general meeting of VIVAT adopted the Group Remuneration Policy after consultation with the Supervisory Board of VIVAT.

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 VIVAT is responsible for the implementation of the remuneration policies. The Group Remuneration Policy is externally published on the website of VIVAT.

The Supervisory Committee of VIVAT will monitor that the remuneration policy of VIVAT 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 Onderne-mingen*) 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 13th-month payment of 8.33% and insofar as applicable other fixed allowances. The annual gross salary is based on applicable salary scales. Employees are entitle according the CLA to an annual increase.

The trade unions have asked VIVAT to start negotiations for the collective labour agreement in 2020. Given the strategic reorientation, a new CLA can only be discussed once the sale has been completed and the buyer's strategy is clear. The employees employed at VIVAT on 31 December 2019 have received that month a one-off payment to compensate the employees for the delay in negotiations on a new collective labour agreement.

## Pension

Nearly all employees participate in the same pension scheme of VIVAT. 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 VIVAT and employees respectively as employer and employee contributions. For employees who were employed by VIVAT 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 € 107,593 is applied.

## Other elements

Other elements of the Group remuneration policy include:

- > Social Plan 2018-2019 with the unions which is applicable in case of reorganisation(s);
- > Other benefits like lease car of lease car allowance.

# Actual Remuneration members of the Board of Directors of Zwitserleven 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 for 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 must ensure that new risks and the development in existing risks, are properly identified, measured, mitigated and monitored.

ZL PPI applies an Enterprise Risk Management system (ERM) as an integrated approach to manage the risks to which it is or could be exposed. ERM consists of several components which are interrelated. The core of the Risk Management system consists of a strategic part in which, starting from the ZL PPI's Vision and Mission and business strategy, the risk strategy and risk appetite are derived.

The more tactical/operational risk management processes are supported by the Integrated Control Framework (ICF). The components Risk Classification, Risk Policy, and Risk Organization are necessary to enable these strategic risk processes.

To fully understand the risk implications of ZL PPI's plan and that the planning approach is based on sound hypotheses and assumptions at least once a year a Risk Self-Assessment (RSA) is exercised by the Board in cooperation with VIVAT's Operational Risk Management (VIVAT 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 meet risk tolerance limits.

## 3.2. Risk management governance

## **Risk management governance**

ZL PPI's risk management system is set out in Risk Management Policy Governance and Risk Management. The Risk Management Policy is incorporated in the integrated risk management policy structure of VIVAT. The policy structure ensures the timely identification and assessment of risks and adequate monitoring and reporting of the material risks, both on board and workplace level. 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 Chief Operating Officer (COO) is appointed as the principal risk controller of ZL PPI. The COO is also the key function holder for the risk management function (IORP II). In the execution of his task, the COO relies upon risk control activities performed by other functions within VIVAT, e.g. Legal, Operational Risk Management, In Control, Compliance. To ensure control over the activities exercised by ZL PPI and those activities that have been outsourced, all processes are typically subject to the three lines of defense. The first line of control is represented by risk control activities performed by front-line employees. The second line has a monitoring role in respect of risk management actions and activities carried out by the first line and assesses the effectiveness of the control framework through testing the execution and results of the controls. These activities are provided by risk management and compliance. The third line of control is held by Audit VIVAT. The main task of the third line of defense is to provide independent assurance to the Board and the Supervisory Committee.

### **Risk Committees**

Risk Committees are part of VIVAT's risk management organization. At the highest level of the risk management organization the VIVAT Risk Committee (VRC) decides on risk management issues at VIVAT level. 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 VIVAT. As ZL PPI is an independently regulated company within Zwitserleven, it holds its own position in the Risk framework. Within two committees ZL PPI is represented by a Board member and holds a permanent seat. The committees are:

- > A Product Market Pricing Management Team (PMP MT) is established for each product line (PL) which reports and gives account to the PC on product related developments. ZL PPI is represented in the PMP MT of Life Corporate (LC), which manages the Zwitserleven label. ZL PPI's product related issues are separately scheduled during the PMP MT meetings of LC.
- > An Operational Risk and Compliance Management Team (ORC MT) is established for each product line/ functional line (PL/FL). The ORC MT is responsible for managing the non-financial risks incurred by the PL/FL. ZL PPI is represented in the ORC MT of LC. 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 controls. Risk management is an inextricable part of the strategy, 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 VIVAT 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 including the minimum requirements. Both management controls and process controls are registered and monitored by ZL PPI.

All components of ICF are scored for each PL/FL via a yearly assessment of all management controls where both first line and second line of defense are involved. The outcomes are discussed in the VRC and the outcomes of Life Corporate are discussed in the ORC MT LC&PPI and are the basis for improvement plans.

Zwitserleven reports on a quarterly basis to the board of ZL PPI on the effectiveness of the process key controls as agreed within the SLA. Outcomes of the first and second line testing within Zwitserleven 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 ISAE3402 report. The reports are reviewed and discussed with ACTIAM and Zwitserleven, and of all issues the impact on the PPI is assessed. If necessary ZL PPI will take required actions.

Based upon the outcomes of the monitoring throughout the year, ZL PPI's board formulates an Internal Control Statement for the PPI once a year.

## 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. Financial risks are predominantly counterparty risk and liquidity risk. Investment risks are borne by the participant. The most relevant risks are the non-financial operational risks (including outsourcing) and compliance risks.

## **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 has outsourced the execution of its main operating activities to Zwitserleven and ACTIAM NV and remains responsible for the management of the associated risks.

ZL PPI recognizes several types of operational risk:

### 1. Product and customer 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 related to these risk types.

### 2. Execution and process management risk

As back office processes are outsourced to Zwitserleven and the asset management activities to ACTIAM, ZL PPI must carefully monitor the quality of the processes and the effectiveness of existing controls within the service providers. The effectiveness of both management controls and operational key controls are monitored by ZL PPI and incident analysis reports when applicable are received and discussed. In the ORC MT, ZL PPI may address concerns and propose 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 ISAE3402 report.

### 3. Information technology 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.

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.

VIVAT annually analyses the risks related to sanction regulations, money laundering and terrorist financing on the basis of a systematic integrated risk assessment. In 2019, several gaps were identified concerning the identification and verification (of Ultimate Benificial Owners), CDD, mitigating actions on the risk classification of clients, reporting and record keeping. Although Product and Functional Lines are working in close cooperation towards sustainable solutions, VIVAT has first addressed the most urgent gaps by implementing manual mitigating actions. The Compliance department monitors the risks based on the effectiveness and implementation of policies. In VIVAT'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 VIVAT 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 VIVAT 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.

## 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 2019. No new risk types emerged which were already identified during the annual Risk Self-Assessment. In 2019 also no incidents were reported which would give cause for a change in ZL PPI's risk management framework or risk appetite. The additional solvency capital which was required to be held was primarily due to the continued growth of the premium and the related increase of the activities to service this growth.

The IORP guideline became effective on 13<sup>th</sup> of January 2019. The risk management and audit activities have been organized within the key functions risk management and internal audit. For both key functions, key function holders have been appointed. ZL PPI's COO is the holder of the key function risk management. The holder of the internal audit function has been outsourced to VIVAT Audit. Given the organizational structure of ZL PPI this was considered to be the most effective and sustainable way to organize the audit activities. In accordance with the risk management framework an RSA was organized at the start of 2019 to determine whether ZL PPI's risk landscape has changed. The RSA was executed with the support of VIVAT's 2nd line ORM department. As a result of the RSA ZL PPI's required capital has been increased. This is for the most part attributable to the increase of ZL PPI's portfolio.

Outsourcing remains a key element in ZL PPI's business organization. The associated risks are monitored through the monitoring of SLA and quality reports from its outsourcing partners (Zwitserleven and ACTIAM). All developments are discussed in MT meetings which are also participated by VIVAT ORM. In 2019 no specific developments have been reported which gave rise to additional measures to mitigate increased risk exposure.

The announcement of the conditional sell of VIVAT in June 2019 has had no immediate impact on the risk exposure of ZL PPI. Although ZL PPI and the outsourcing partners are all part of the transaction, the developments did not give rise to additional measures to mitigate increased risk exposures. ZL PPI continues to monitor this closely throughout 2020.

During meetings with AFM and DNB these developments were a topic of the conversation. Also the results of several surveys in which ZL PPI participated were discussed. In particular the outcome of the European stress test, the population survey and the IORP II questionnaire were further clarified and discussed with DNB. The results of the survey within the scope of the "Wet Verbeterde Premieregeling" were a topic during a meeting with AFM. In all occasions no issues have been identified.

The COVID-19 pandemic has far reaching economic and social consequences. This also impacts ZL PPI. Market turbulences at the start of the crisis resulted in a decline in the total level of assets under management. In April markets picked up and assets under management restored to the highest level ever. Premium growth in the first quarter was still satisfactory (around 20%) and there has been no significant increase in the number of passive participants. Overall the expectation is that the ambitious growth targets are challenging and might not be achieved for 2020. The COVID-19 situation also implies challenges on operational level. However as VIVAT 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.

## 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.



# **Financial Statements**

Annual Report Zwitserleven PPI NV 2019 Financial Statements

# 4. Financial statements

## 4.1. Balance sheet

Before result appropriation and in $\in$ thousands	Notes <sup>1</sup>	31 December 2019	31 December 201
Assets			
Fixed Assets			
Investments for account of participants	1	581,431	317,852
Current Assets			
Receivables and accrued assets	2	15,907	10,964
Cash at banks	3	2,511	2,09
Total assets		599,849	330,91
Equity and liabilities			
Equity			
Share capital		225	22
Share premium reserve		2,725	2,72
Other reserves		-940	-90
Result current year		159	-3
Total equity	4	2,169	2,01
Liabilities			
Liabilities to participants	5	581,431	317,85
Other payables and accruals	6	16,249	11,04
Total liabilities		597,680	328,90
Total equity and liabilities		599,849	330,91

<sup>1</sup> The references next to the financial statement items relate to the notes to the financial statements in chapter 6.

## 4.2. Profit and loss account

In € thousands	Notes <sup>1</sup>	2019	2018
Results for account of PPI			
Income			
Asset management fee income		1,520	847
Other fee income		2,077	1,469
Other income		141	27
Total income	10	3,738	2,343
Expenses			
Administrative expenses		3,449	2,324
Other expenses		77	62
Total expenses	11	3,526	2,386
Result before tax		212	-43
Taxation		53	-1
Result after tax		159	-32

> Results for account of participants			
Premium contributions		143,513	98,382
Investment result participants	12	86,014	-16,367
Incoming transfer values		69,720	56,592
Outgoing transfer values		-12,316	-2,260
Expiration capital		-2,729	-1,824
Deducted costs (management fee)	12	-1,520	-847
Change in provision of obligations for risk participants		282,682	133,676

<sup>1</sup> The references next to the financial statement items relate to the notes to the financial statements in chapter 6.

26

## 4.3. Cash flow statement

in € thousands	2019	2018
P Cash flow from operating activities		
Operating loss before tax	159	-32
> Change in operating assets and liabilities:		
Change in advances and liabilities	258	164
Change in other operating activities	-	-
Net cash flow from operating activities	417	132
Cash flow from investment activities	-	_
	-	-
Net cash flow from investment activities	-	-
> Cash flow from finance activities		
	-	-
Net cash flow from financing activities	-	-
Net increase in cash and cash equivalents	417	132
Cash and cash equivalents 1 January	2,094	1,962
Cash and cash equivalents as at 31 December	2,511	2,094

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 NV (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 VIVAT NV (Utrecht, the Netherlands), which was in 2019 a wholly owned subsidiary of Anbang Group Holdings Co. Limited (Anbang) with a registered office at Hong Kong, People's Republic of China, whose ultimate parent is China Insurance Security Fund Co., Ltd with its headquarters in Beijing, People's Republic of China. Since the sale of VIVAT in April 2020, VIVAT is a wholly owned subsidiary of Athora Holding Ltd. based in Bermuda.

### **Related parties**

ZL PPI's related parties are Anbang, its parent VIVAT NV, affiliates and ZL PPI's key management personnel and their close family members.

### Tax group

VIVAT NV and its subsidiaries, including ZL PPI, form a tax group for corporate income tax and/or value added tax (VAT) and are jointly and severally liable for the fiscal unity's corporate income tax and VAT related liabilities in respect of the reporting year.

## 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 ( $\in$ ). 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 investments 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, VIVAT and ACTIAM.

## Cash at banks

This item concerns receivables from banks and deposits falling due in less than 12 months other than those for account of participants. These receivables 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 nonoccurrence is contingent of one or more uncertain events in the future not wholly within the control of ZL PPI.

32 Annual Report Zwitserleven PPI NV 2019 Accounting policies for the financial statements

# 6. Notes to the financial statements

## 1. Investments for account of participants

## Breakdown of investments for account of participants

In € thousands	2019	2018
Shares and similar investments	377,039	188,130
Fixed-income investments	173,817	96,481
Investment property	32,987	17,317
Investments in investment funds	583,843	301,928
Other investments	667	224
Cash and other receivables of participants	-3,079	15,705
Other investments	-2,412	15,929
Total	581,431	317,857

The increase in the amount of investments for account of participants is due to the expansion of ZL PPI in 2019. This is the result of the increase in contracts signed with employers (2019: 2,126 vs 2018: 1,730). As a result, the number of involving participants increased to 52,666 (year-end 2018: 38,056 participants).

The premiums received from participants invested in investment funds increased by € 282 million to € 584 million. For each investment fund a breakdown of the underlying asset classes is made. Due to timing differences the actual breakdown can vary slightly, but this is corrected periodically. The investment funds are valued at fair value.

In addition to the premiums invested in funds, cash amounts to be invested into investment funds and other investments for account of participants are classified as investments. At year-end 2019, the cash amount of participants is negative since premiums have been invested into investment funds before they were received from clients.

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

	0		1 1			
In € thousands	Shares and similar investments	Fixed- income investments	Investment property	Other investments	Cash and other receivables of participants	Total
Balance as at 1 January	188,130	96,481	17,317	224	15,705	317,857
Purchases and advances	130,297	65,695	11,402	-	-	207,394
Revaluations	63,026	12,620	4,246	-	-	79,892
Disposals	-8,594	-2,531	-369	-	-	-11,494
Reinvested direct investment income	4,163	1,941	18	-	-	6,122
Other	17	-389	373	443	-18,784	-18,340
Balance as at 31 December	377,039	173,817	32,987	667	-3,079	581,431

## Statement of change investments for account of participants 2019

## Statement of change investments for account of participants 2018

In € thousands	Shares and similar investments	Fixed- income investments	Investment property	Other investments	Cash and other receivables of participants	Total
Balance as at 1 January	90,815	68,421	9,315	-	583	169,134
Purchases and advances	114,114	61,466	9,196	-	-	184,776
Revaluations	-18,224	-413	-877	-	-	-19,514
Disposals	-1,030	-33,979	-23	-	-	-35,032
Reinvested direct investment income	2,455	672	20	-	-	3,147
Other	-	314	-314	224	15,122	15,346
Balance as at 31	188,130	96,481	17,317	224	15,705	317,857

December

## 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 2019

	Fair value					
In € thousands	Carrying amount	Category 1	Category 2	Category 3	Category 4	Total
Shares and similar investments	377,039	377,039	-	-	-	377,039
Fixed-income investments	173,817	173,817	-	-	-	173,817
Investment property	32,987	32,987	-	-	-	32,987
Other investments and cash and other receivables of participants	-2,412	-2,412	_	_	-	-2,412
Total	581,431	581,431	-	-	-	581,431

## Fair value hierarchy 2018

	Fair value					
In € thousands	Carrying amount	Category 1	Category 2	Category 3	Category 4	Total
Shares and similar investments	188,130	188,130	-	-	-	188,130
Fixed-income investments	96,481	96,481	-	-	-	96,481
Investment property	17,317	17,317	-	-	-	17,317
Other investments and cash and other receivables of participants	15,929	15,929	_	-	-	15,929
Total	317,857	317,857	-	-	-	317,857

## 2. Receivables and accrued assets

## Specification receivables and accrued assets

In € thousands	2019	2018
Receipts from participants	10,861	7,624
Receivables from participants	4,836	3,283
Corporate income tax	-	54
Receivables from group companies	209	3
Other receivables	1	-
Total	15,907	10,964

## Receipts from participants

Receipts from participants include prepaid premium contribution for the year 2020, 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.

### Corporate income tax

Corporate income tax at year-end 2019 is a payable and therefore reported as Other payables and accruals (year-end 2018: receivable of € 54 thousands concerning 2018 and 2017 losses).

### Receivables from group companies

The receivables from related parties (due in less than one year) is a current account with Zwitserleven.

### Other receivables

Other receivables include settlement account balances.

## 3. Cash at banks

In € thousands	2019	2018
Short-term bank balances	2,511	2,094
Total	2,511	2,094

The cash at banks concerns balances on bank accounts for account of ZL PPI at SNS Bank and Kasbank which are at free disposal of the entity. In 2019 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 2019

In € thousands	lssued share capital	Share premium reserve	Other reserves	Result current year	Total equity
Balance as at 1 January 2019	225	2,725	-908	-32	2,010
Transfer of net result 2018	-	-	-32	32	-
Net result 2019	-	-	-	159	159
Balance as at 31 December 2019	225	2,725	-940	159	2,169

## Statement of changes in total equity 2018

In € thousands	Issued share capital	Share premium reserve	Other reserves	Result current year	Total equity
Balance as at 1 January 2018	225	2,725	-778	-130	2,042
Transfer of net result 2017	-	-	-130	130	-
Net result 2018	-	-	-	-32	-32
Balance as at 31 December 2018	225	2,725	-908	-32	2,010

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.

#### 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 NV (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 fulfill obligations towards participants and meet legal requirements.

With a total capital of  $\leq$  2,169 thousand the minimum capital requirement of  $\leq$  500 thousand is met with a surplus of  $\leq$  1,669 thousand.

The Assets under Management of ZL PPI at year-end 2019 are  $\in$  581 million. In 2019 the Assets under management exceeded the amount of  $\in$  250 million, leading to an additional solvency requirement of  $\notin$  663 thousand (above the minimum solvency requirement of  $\notin$  500 thousand). This results in a total amount of required solvency of  $\notin$  1,163 thousand. With a total capital of  $\notin$  2,169 thousand (including the audited result of the year 2019) the solvency surplus is  $\notin$  1,006 thousand at year-end 2019.

#### Legal capital and solvency requirements

In € thousands	2019	2018
> Legal capital requirement		
Issued share capital	225	225
Share premium reserve	2,725	2,725
Other reserves	-940	-908
Result current year	159	-32
Total capital	2,169	2,010
Minimum capital requirement	500	500
Capital: surplus	1,669	1,510

> Solvency requirement		
Issued share capital	225	225
Share premium reserve	2,725	2,725
Other reserves	-940	-908
Result current year	159	-32
Total capital	2,169	2,010
Minimum solvency requirement	500	500
Minimum solvency requirement for AuM exceeding $\in$ 250 million	663	136
Solvency: surplus	1,006	1,374

#### 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	2019	2018
Operational risk	586	443
Credit/counterparty risk	26	17
Compliance/integrity risk	96	57
Exit scenario risk	26	17
Net Internal Capital Requirement	734	535

In 2019 the risk analysis has been updated resulting in changes of capital requirements per (non) financial risk. The most important change compared to 2018 concerns the increased capital requirement for the operational risks on the basis of the autonomous increase in the outsourcing risk.

## 5. Liabilities to participants

#### Breakdown of liabilities to participants

In € thousands	2019	2018
Provision of obligations for risk participants	585,226	302,544
Total provision of obligations for risk participants	585,226	302,544
Other debts for account of participants	-3,795	15,314
Total	581,431	317,857

#### Statement of change in provision of obligations for risk participants

In € thousands	2019	2018
Balance as at 1 January	302,544	168,868
Premium contributions	143,513	98,382
Incoming transfer values	69,720	56,592
Investment result participants	86,014	-16,367
Outgoing transfer values	-12,316	-2,260
Expiration capital	-2,729	-1,824
Deducted costs (management fee)	-1,520	-847
Balance as at 31 December	585,226	302,544

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  $\notin$  107,593 (2018:  $\notin$  105,075). 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 2019, 276 participants (of which 177 active) are using in the Net pension plan (year-end 2018: 172 participants of which 125 active). Of the active participants 36 have build-up a pension value.

## 6. Other payables and accruals

#### In € thousands 2019 2018 Prepaid premium contributions 8,935 5,835 Risk premium and cost to be paid 1,609 1.332 Expiration capital to be paid 457 272 Outgoing transfer values to be paid 45 \_ Liabilities to participants 3.283 4.836 Liabilities to other parties 5 Debts to group companies 509 58 Corporate income tax payable 42 \_ Accrued liabilities 78 Total 16,249 11,048

#### Breakdown of other payables and accruals

#### Prepaid premium contributions

Prepaid premium contribution are premium contributions regarding the year 2020.

#### Risk premium and cost to be paid

Risk premium and cost to be paid have been deducted from premium contribution and are to be settled with Zwitserleven during the year 2020.

#### 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 VIVAT NV and ACTIAM NV.

#### Corporate income tax

The corporate income tax payable at year-end 2019 concerns the tax for 2019 and 2018 (netted amount of payable of € 53 thousand for 2019 and receivable of € 11 thousand for 2018).

#### 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

#### **New Shareholder**

On 7 June 2019, Anbang reached a conditional agreement with Athora on the sale of all shares in VIVAT.

On 19 March 2020, the transaction has been approved by the Dutch National Bank (DNB). This approval follows earlier clearances including approval from the European Commission for Athora's acquisition of VIVAT. In addition, the VIVAT works council has rendered its positive advice regarding the Transaction. On 2 April 2020, Athora announced that it has completed its acquisition of VIVAT by acquiring 100% of the shares from Anbang.

#### **Change of Supervisory Committee**

The sale of VIVAT implied a change of the Executive Board of VIVAT. Jeroen Potjes left the Executive Board of VIVAT. His role as member of the Supervisory Committee of ZL PPI came to an end accordingly.

#### **China Banking and Insurance Regulatory Commission**

In February 2018, the China Banking and Insurance Regulatory Commission (CBIRC) – formerly known as the China Insurance Regulatory Commission (CIRC) – temporarily took over management of Anbang Insurance Group Co. Ltd. In February 2020, CBIRC announced it had ended its two-year period take over.

#### **Covid-19 Outbreak**

The Covid-19 outbreak in the first months of 2020 is causing significant impact to our society, including ZL PPI, its policyholders and other stakeholders like suppliers and employees. Financial markets have been volatile recently with significant decrease in interest rates and equity markets and by credit spreads widening. The Dutch government as well as other governments and central banks are responding with aid packages and further quantitative easing. At the date of the Annual Report of ZL PPI the depth and length of these disruptions caused by Covid-19 is unknown.

To assess the impact on ZL PPI's financial position and result, we are continuously monitoring the market and economic turbulence that has arisen as a consequence of the Covid-19 outbreak, and are taking mitigation actions as necessary. The most significant risk ZL PPI is facing relates to underwriting risk especially related to mortality, morbidity and policyholder behavior. Risks concerning financial markets is expected to have a lower impact on ZL PPI since market risk is borne by the policyholders. Given the uncertainties and ongoing developments, as at the date of the Annual Report, ZL PPI cannot accurately and reliably estimate the quantitative ultimate impact on its financial position and result from the COVID-19 outbreak. However it is expected that mainly the amount and value of assets under management and the corresponding liabilities to participantswhich are at risk of the policyholders will be effected. The effect on the result of ZL PPI is expected to be low as income mainly concerns fees charged to clients to cover the expenses concerning the administration of their asset. As no material impact on the equity of ZL PPI is expected and the minimum solvency requirement depends on the amount of assets under management, also the impact in the capital position is expected to be low.

Nevertheless, low interest rates for a long period are likely to impact the profitability of ZL PPI's sales depending on the market response, while underwriting results may also be impacted subject to the severity of COVID-19 outbreak.

VIVAT has invoked its business continuity plans to support the safety and well-being of its staff, including all employees working for ZL PPI. Since Monday 16 March 2020, nearly all VIVAT employees have been working from home. VIVAT is proud of the willingness and flexibility of all its employees which contributes to the capability to support our policyholders and business operations.

## 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 Anbang, its parent VIVAT, 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.

	VIVAT		Affiliat	es	Tota	
In € thousands	2019	2018	2019	2018	2019	2018
Positions						
Receivables and accrued assets (Receivables from						
group companies)			209	3	209	3
Other payables and accruals (Liabilities to						
group companies)	-296	-58	-213		-509	-58
Total	-296	-58	-4	3	-300	-55
Obtain loans (Other payables and accruals) Redemption loans (Other payables and accruals)			14,800 -14,800	2,000	-14,800	2,000
Administrative expenses						
Administration costs (Zwitserleven)			2,513	1,707	2,513	1,707
Administration costs (Zwitserleven rebate)			-261	-234	-261	-234
Administration costs (ACTIAM)			771	421	771	42

#### Intra-group Balances and Transactions between ZL PPI, VIVAT and Affiliates

ZL PPI has no intra-group positions and transactions with Anbang.

## 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 2019 (31 December 2018: 2). The Supervisory Committee of ZL PPI comprised four members as at 31 December 2019 (31 December 2018: 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 2019 and 2018.

#### Breakdown of Remuneration Members of the Board of Directors

In € thousands	2019	2018
Short-term employee benefits	377	333
Post-employment benefits	41	41
Total	418	374

The short-term employee benefits include salaries, travel expenses and expenses of education. The postemployment benefits concern pension costs.

No variable remuneration is paid in 2019 to the members of the Board of Directors of ZL PPI.

In 2019, 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 2018 and 2019 (excluding 21% VAT).

#### **Breakdown of Remuneration Members of Supervisory Committee**

In € thousands	2019	2018
Total fixed remuneration of Supervisory Committee members	49	40
Total	49	40

#### Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2019 (and 2018) and/or granted to members of the Board of Directors or the members of the Supervisory Committee during 2019.

### 10. Income

#### Breakdown of income

In € thousands	2019	2018
Asset management fee income		
Management fee	1,520	847
Other fee income		
Administration fee	2,077	1,469
Other income		
Other operating income	141	27
Total	3,738	2,343

#### Management fee and administration fee

Management fees of  $\notin$  1,520 thousands (2018:  $\notin$  847 thousands) relate to fees received in respect to the (outsourced) asset management activities performed by ZL PPI. These fees are received from the participants.

Additionally administration fees of €2,077 thousands (2018: €1,469 thousands) are received from customers as a compensation of the actual expenses made by ZL PPI.

#### Other income

Other income comprises € 141 thousands and includes interest received on bank accounts with an amount of € 1 thousand (2018: € 1 thousand) and an amount of € 140 thousands (2018: € 26 thousands) 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	2019	2018
Administrative expenses		
Administration costs	3,022	1,928
Staff costs		
- Salaries	335	299
- Pension costs	41	41
- Social security contributions	24	21
- Other staff costs	27	35
Other expenses		
Other operating expenses	77	62
Total	3,526	2,386

Administration expenses are cost invoiced by Zwitserleven to ZL PPI for handling the administration of ZL PPI. Those costs are based on the SLA between Zwitserleven and ZL PPI. Administration expenses also includes investment management expenses which are costs invoiced to ZL PPI by ACTIAM and Zwitserleven for investment and asset management activities.

# 12. Investment results for account of participants and settled costs for risk participants

#### Specification investment result participants

In € thousands	2019	2018
Direct investment income	6,122	3,147
Revaluation results with regard to investments in:		
- Shares and similar investments	63,026	-18,224
- Fixed-income investments	12,620	-413
- Investment property	4,246	-877
- Other investments	-	-
Total	86,014	-16,367

#### Settled costs for risk participants

In € thousands	2019	2018
This concerns costs that are withdrawn from the participants' investment account	-1,520	-847
	-1,520	-847

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 1.4 Financial developments and investments.

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

## 13. Result appropriation

Similar to 2018, the Board of Directors proposes to the General Meeting of Shareholders not to distribute dividend for 2019 to VIVAT NV and to add the positive result for 2019 of  $\notin$  159 thousand to other reserves of ZL PPI.

In accordance with the resolution of the General Meeting of Shareholders held on 19 June 2019, the negative result for 2018 of € 32 thousand has been deducted from the other reserves of ZL PPI.

Amstelveen, the Netherlands, 25 May 2020

#### **The Board of Directors**

Drs. A.E. van Zanten CEO Drs. E.P. van Santen COO



## 1. 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

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

## Report on the audit of the financial statements 2019 included in the annual report

#### Our opinion

We have audited the financial statements 2019 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 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2019;
- The profit and loss account for 2019;
- 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.

#### Emphasis of matter relating to Corona developments

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis.

The impact of these developments on Zwitserleven PPI N.V. is disclosed in the section '3.5 Developments' of the Board report and note 7 'Events after balance sheet date' to the financial statements. We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

#### 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:

- Ildentifying 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
- DEvaluating the overall presentation, structure and content of the financial statements, including the disclosures
- DEvaluating 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, 25 May 2020

Ernst & Young Accountants LLP

Signed by J. Slager