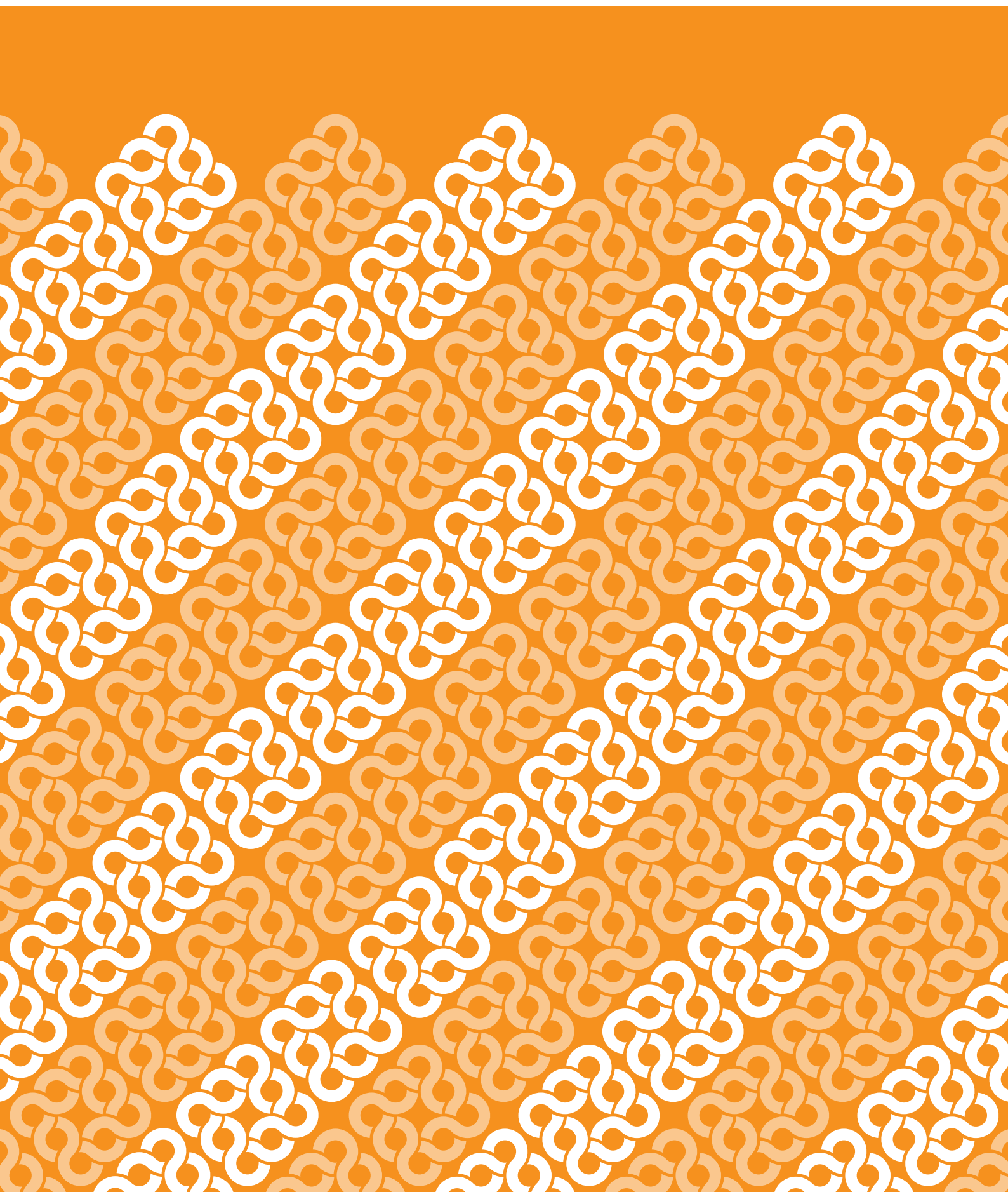


**ZWITSERLEVEN PPI NV**

Annual Report 2020



**ATHORA**



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# **BOARD REPORT**

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# 1 STRATEGY AND DEVELOPMENTS

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## 1.1 ABOUT ZWITSERLEVEN PPI NV

### Message from the Board of Directors

Zwitserleven Premie Pensioen Instelling (hereafter ZL PPI) has, despite of the Covid-19 outbreak, grown significantly in 2020. The number of company pension contracts further increased, resulting in a growth both in pension participants (37%) and Assets under Management (79 %). We expect growth to continue in 2021 as the strategic reorientation of Athora Netherlands NV (former VIVAT) aims to increase the pension business. However, the Covid-19 pandemic might impact ZL PPI's financial position and results also in the future. 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 2020.

In March 2020, the transaction of the sale of VIVAT NV, the shareholder of ZL PPI, by Anbang Group Holdings Co. Limited to Athora Holding Ltd. has been approved by 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. In December 2020, the rebranding of VIVAT to Athora Netherlands took place.

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 2021

### 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 NV (hereafter Athora Netherlands) 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 Athora Netherlands. Athora Netherlands'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 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.

In 2020 the whitelabel tool, created to efficiently target employers with less than 10 employees, was rolled out to more than 10 advisors.

From 18 May 2020, the investment policy of the Zwitserleven World Equity Fund and Zwitserleven Index World Equity Fund became 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 mean in concrete terms? 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 only Defined Contribution (DC) provider in the Dutch market, Zwitserleven PPI received the five star Money View rating for overall product design for two years 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		
	2020	2019
Active	49,198	38,273
Inactive	23,165	14,393
<b>Total</b>	<b>72,363</b>	<b>52,666</b>

NUMBER OF CONTRACTS		
	2020	2019
Contracts with employers	2,501	2,126

## 1.2 KEY FIGURES

In € thousands	2020	2019	2018	2017 <sup>1</sup>	2016
<b>Profit and loss account</b>					
Total income	5,409	3,738	2,343	1,550	765
Total expenses	4,734	3,526	2,386	1,723	1,092
Tax expense	169	53	-11	-43	-82
<b>Net result for account of PPI</b>	<b>506</b>	<b>159</b>	<b>-32</b>	<b>-130</b>	<b>-245</b>
Premium contributions	199,132	143,513	98,382	64,770	26,704
<b>Balance sheet</b>					
<b>Total assets</b>	<b>1,079,295</b>	<b>599,849</b>	<b>330,915</b>	<b>177,113</b>	<b>71,623</b>
Investments for account of participants	1,042,196	581,431	317,857	169,134	64,345
<b>Total equity</b>	<b>2,675</b>	<b>2,169</b>	<b>2,010</b>	<b>2,042</b>	<b>2,172</b>
Liabilities to participants	1,042,196	581,431	317,857	169,134	64,806
Other liabilities	34,424	16,249	11,048	5,937	4,645
<b>Capital position</b>					
Required capital	500	500	500	500	500
Required solvency	2,084	1,163	636	500	500
Number of contracts with employers	2,501	2,126	1,730	1,325	775
Number of participants	72,363	52,666	38,056	25,174	11,883
1 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 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, 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 activities with severe environmental damage
- Compliance with basis human rights
- Compliance with basis labour rights
- No involvement in controversial weapons
- Compliance with international sanctions
- No business culture that increases the risk of 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, 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

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. In May 2020 we further improved the ESG profile of our Global Equity Fund, resulting in a larger percentage of exclusions.

## 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 AND INVESTMENTS

### Market developments

The growth of the PPI market share continued to be strong in 2020 despite Corona. The outlines of the new pension agreement became more clear in 2020 and the PPI is well positioned to play an important role in the new pension market. The pension reform should be implemented in 2022 and will come into effect as of 2026. 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.



## Growth

As expected ZL PPI has grown significantly in 2020 in number of clients and services. An increasing number of large companies has also decided to become client of ZL PPI.

In total 2,501 employers (2019: 2,126) are being serviced by ZL PPI involving 72,363 participants (2019: 52,666). Assets under management increased to € 1,042 million (2019: € 581 million) . At the end of the year, the 12 month forward annualized premium income had risen to € 199 million (2019: € 143.5 million).

## Operating result

The operating result before tax improved to € 675 thousand positive in 2020 (2019: € 212 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 2020 were € 37.1 million (year-end 2019: € 18.4 million) . The current liabilities at year-end 2020 were € 34.4 million (year-end 2019: € 16.2 million), leading to a current ratio of 1.08 at year-end 2020 (2019: 1.13). This means ZL PPI has a good liquidity position and is able to meet its current obligations.

In March 2021 Athora Netherlands NV made a capital injection of € 1 million to ZL PPI, in order to strengthen its liquidity position.

## 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 2020			
In € millions	Horizon beleggingen	Profiel beleggen	Vrij beleggen
Active	795	19	7
Inactive	203	4	14

The default asset mix is determined by a lifecycle. Each participant in lifecycle 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 de-risking 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.

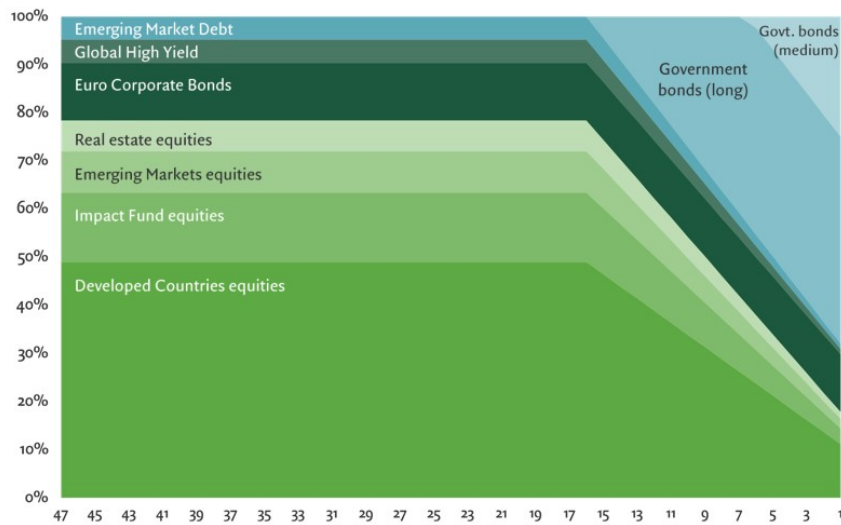


Figure 2 Lifecycle glide path

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 2014-2020 period.

LIFE CYCLE HISTORICAL RETURN									
	Age 25		Age 45		Age 55		Age 65		
	Life cycle	Index	Life cycle	Index	Life cycle	Index	Life cycle	Index	
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%	
2014	14.40%	14.00%	15.00%	14.70%	17.20%	17.10%	21.60%	21.90%	
Average 2014 - 2020	6.50%	5.90%	6.40%	5.90%	6.60%	6.20%	5.80%	5.70%	

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

INVESTMENT PERFORMANCE									
	2020			Average: 3 Year <sup>1</sup>			Average: 5 Year <sup>2</sup>		
	Fund	Index	+/-	Fund	Index	+/-	Fund	Index	+/-
Zwitserleven Wereld Aandelen Fund	8.31%	4.52%	<b>3.79%</b>	9.01%	7.44%	<b>1.57%</b>	9.48%	8.38%	<b>1.10%</b>
Zwitserleven Credits Fund	2.83%	2.73%	<b>0.10%</b>	2.65%	2.53%	<b>0.12%</b>	3.00%	2.93%	<b>0.07%</b>
Zwitserleven Selectie Fund	-2.39%	-3.42%	<b>1.03%</b>	3.20%	3.00%	<b>0.20%</b>	5.13%	4.84%	<b>0.29%</b>
Zwitserleven Medium Duration Fund <sup>3</sup>	3.39%	n/a		3.31%	n/a		2.61%	n/a	
Zwitserleven Long Duration Fund <sup>4</sup>	13.73%	n/a		12.20%	n/a		9.14%	n/a	
1 Up to and including 2020									
2 Up to and including 2020									
3 Fund is determined for pension-investments explicitly, therefore no index available.									
4 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 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>

MANAGEMENT FEES, TRANSACTION COSTS AND ASSET MANAGEMENT FEES 2019			
In € thousands		Management fees	Transaction costs
Shares and similar investments		484	41
Fixed-income investments		232	20
Investment property		43	4
<b>Total asset management fees and transaction costs</b>		<b>758</b>	<b>64</b>
<b>Management fees</b>		<b>1,520</b>	<b>-</b>
<b>Total</b>		<b>2,278</b>	<b>64</b>

Asset management fees for internal funds are invoiced by ACTIAM to ZL PPI and included in the profit & loss account. Asset management fees for external and transactions costs are directly charged within the investment funds and deducted from the Assets under Management.

Management fees are charged to the participants by deducting the amounts from the Liabilities to participants (see note 5 Liabilities to participants). These amounts are income for ZL PPI and presented as 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.

### 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. Until April 2020, the Supervisory Committee consisted of four members of whom three members are from outside the Athora Netherlands company. VIVAT was represented by a member of its Executive Board. After J.C.A. Potjes left the Supervisory Committee of ZL PPI due to the sale of VIVAT to Athora, his position in the Supervisory Committee became vacant. The position was filled by a member of the new Executive Board of Athora Netherlands, Angelo Sacca.

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

The members of the Supervisory Committee in 2020 were:

- D.J. Okhuijsen
- J.C. Rietvelt
- J.C.A. Potjes (until April 2020)
- D.H. Mik
- A. Sacca (as of December 2020)

## 2.3 REPORT OF THE SUPERVISORY COMMITTEE

2020 was a special year for ZL PPI. After the strategic reorientation Anbang, the (former) shareholder of VIVAT, sold VIVAT to Athora Holding Ltd. in April 2020. The board of ZL PPI was prepared for all kinds of possible scenarios to manage the positioning of ZL PPI within the new company Athora Netherlands NV. The impact of the transition on the strategy of Athora Netherlands and the services provided by the outsourcing partners of ZL PPI were discussed extensively.

The Covid-19 outbreak of course had a big impact on the year 2020 with a dramatic impact on people's health, private life and professional life. At the start of the outbreak, the board met on a more regular basis to monitor the Covid-related financial and non-financial risks and to make sure that all business processes of ZL PPI could continue un-interrupted.

The Supervisory Committee is content about the effort of the board of ZL PL to manage this difficult 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 2020.

In 2020, the Supervisory Committee held six meetings and several calls specifically related to both Covid and the Athora situation. In the regular meetings a number of topics were discussed, mostly in line with the pre-agreed agenda for the year. Interim results were discussed every meeting.

Amongst others, special attention was given to:

- IORP II and the positioning of key-function holders;
- SLA;
- performance reports;
- the market position of ZL PPI;
- new shareholder of Athora Netherlands;
- audit governance and risk management;
- cyber security;
- asset management;
- changes in the participant's portal.

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 outsourcing partners will be tested.

Amstelveen, The Netherlands, 25 May 2021

### **The Supervisory Committee**

D.J. Okhuijsen

D.H. Mik

J.C. Rietvelt

A. Sacca

## 2.4 REMUNERATION

### Remuneration Policy

Zwitslerleven PPI NV is a full subsidiary of Athora Netherlands NV. 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 Zwitslerleven 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 2020 CLA VIVAT 2018-2019) employees have received a periodic salary increase on 1 February 2020. There was no collective salary adjustment in 2020. The trade unions and Athora Netherlands started summer 2020 their negotiations for a new collective labour agreement. At the end of 2020 a negotiation result was accomplished for a new CLA 2021-2023.

#### 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 € 110,111 is applied.

## **Other elements**

Other elements of the Group remuneration policy include:

- Social Plan 2020 is applicable in case of reorganisation(s). An extension until 31 December 2023 has agreed upon;
- 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 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 approach (ERM) 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 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.

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 to ensure 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 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 Chief Operating Officer (COO) is appointed as the principal risk controller of ZL PPI. In the execution of his task, the COO relies upon risk control activities performed by other supporting functions within Athora Netherlands, e.g. Legal, Operational Risk Management, Internal Control, Compliance. The manager of Athora Netherlands' ORM department is appointed as the key function holder for the risk management function (IORP II).

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 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 Athora Netherlands. 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 Athora Netherlands's risk management organization. At the highest level of the risk management organization the Athora Netherlands Risk Committee (RC-EB) decides on risk management issues at Athora Netherlands 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 Athora Netherlands. 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 business line (BL) which reports and gives account to the PC on product related developments. ZL PPI is represented in the PMP MT of Pensions which manages the Zwitserleven label. 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 and functional line. 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 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. Both management controls and process controls are registered and assessed by ZL PPI.

All components of ICF are scored for each business and functional line via an annual assessment of all management controls where both first line and second line of defense are involved. The overall outcomes are discussed in the Operational Risk and Compliance Committee Athora (ORCA) and RC-EB. The outcomes for Pensions are discussed in the ORC MT Pensions & 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 evaluated by ZL PPI, and 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, 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 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 outsourced the execution of its main operating activities to Zwitterleven 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 Zwitterleven 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. Zwitterleven 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 Zwitterleven 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 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 Zwitterleven. 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 Zwitterleven.

Other operational risks such as internal fraud, security, safety and personnel and model risk are monitored likewise via the internal reporting process of Zwitterleven.

### 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 2020, ZL PPI performed an independent SIRA with support from Athora Netherlands' Compliance department. Previous gaps have been closed.

During 2020 SRLEV initiated 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 builds on prior executed improvement actions in 2019. The program, which made significant steps in organizational governance, risk assessments, (automated) processes and tooling, aims to reduce residual risks on a structural basis. 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 2020 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 2020. No new risk types emerged which were already identified during the annual Risk Self-Assessment. In 2020 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. Both key functions have been outsourced to Athora Netherlands and key function holders have been appointed. Athora Netherlands' manager ORM is the holder of the key function risk management. The holder of the internal audit function has been outsourced to Athora Netherlands Audit. 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 at the start of 2020 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. As a result of the RSA ZL PPI's required capital has been decreased. This is for the most part attributable to a lower operational risk profile as determined in the RSA.

Outsourcing remains a key element in ZL PPI's business organization. The associated risks are monitored through the monitoring of the SLA through the Service Level Reports and assurance reports (ISAE 3402 reports) from its outsourcing partners (Zwitserleven and ACTIAM). All developments are discussed in MT meetings which are also participated by Athora Netherlands ORM. In 2020 no specific developments have been reported which gave rise to additional measures to mitigate increased risk exposure.

The change of ownership of ZL PPI to Athora Netherlands had no immediate impact on the risk exposure of ZL PPI. The outsourcing partners, SRLEV and ACTIAM, were also part of this change. ZL PPI monitored the developments closely through attendance at meetings but also through organizing meetings with representatives of both. This did not result in immediate actions to mitigate any emerging risk.

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 IORP II (key function holders). In addition, two questionnaires (integrity risk and SBA NFR) were completed for DNB. In all occasions no issues have been identified.

The COVID-19 pandemic has far reaching economic and social consequences. This also impacts ZL PPI although to a limited extent. The operations with the outsourcing partners have been monitored closely and remained meeting the agreed service levels. 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 number of employers is lagging behind the target set. This is mainly attributable to a reluctance with employers to switch due to the uncertainty surrounding the new pension agreement.

## 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 NV made a capital injection of € 1 million to ZL PPI, in order to strengthen its liquidity and capital position.

# **FINANCIAL STATEMENTS**

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# 4 FINANCIAL STATEMENTS

## 4.1 BALANCE SHEET

Before result appropriation and in € thousands	Ref. <sup>1</sup>	31 December 2020	31 December 2019
<b>Assets</b>			
Fixed Assets			
Investments for account of participants	1	1,042,196	581,431
Current Assets			
Receivables and accrued assets	2	21,456	15,907
Cash at banks	3	15,643	2,511
<b>Total assets</b>		<b>1,079,295</b>	<b>599,849</b>
<b>Equity and liabilities</b>			
Equity			
Share capital		225	225
Share premium reserve		2,725	2,725
Other reserves		-781	-940
Result current year		506	159
<b>Total equity</b>	4	<b>2,675</b>	<b>2,169</b>
Liabilities			
Liabilities to participants	5	1,042,196	581,431
Other payables and accruals	6	34,424	16,249
<b>Total liabilities</b>		<b>1,076,620</b>	<b>597,680</b>
<b>Total equity and liabilities</b>		<b>1,079,295</b>	<b>599,849</b>

<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	Ref. <sup>1</sup>	2020	2019
<b>Results for account of PPI</b>			
<b>Income</b>			
Management fee income		2,435	1,520
Other fee income		2,618	2,077
Other income		356	141
<b>Total income</b>	10	<b>5,409</b>	<b>3,738</b>
<b>Expenses</b>			
Administrative expenses		4,670	3,449
Other expenses		64	77
<b>Total expenses</b>	11	<b>4,734</b>	<b>3,526</b>
<b>Result before tax</b>		<b>675</b>	<b>212</b>
Taxation		169	53
<b>Result after tax</b>		<b>506</b>	<b>159</b>
<b>Results for account of participants</b>			
Premium contributions		199,132	143,513
Investment result participants	12	71,041	86,014
Incoming transfer values		232,415	69,720
Outgoing transfer values		-35,308	-12,316
Expiration capital		-8,686	-2,729
Deducted costs (Management fees)	12	-2,435	-1,520
<b>Change in provision of obligations for risk participants</b>		<b>456,159</b>	<b>282,682</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	2020	2019
<b>Cash flow from operating activities</b>		
Operating result after tax	506	159
<b>Change in operating assets and liabilities:</b>		
Change in advances and liabilities	12,626	258
<b>Net cash flow from operating activities</b>	<b>13,132</b>	<b>417</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>		
	-	-
<b>Net cash flow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>13,132</b>	<b>417</b>
Cash and cash equivalents 1 January	2,511	2,094
<b>Cash and cash equivalents as at 31 December</b>	<b>15,643</b>	<b>2,511</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 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 Athora Netherlands NV with a registered office at Amstelveen, the Netherlands.

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

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

### Related parties

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

### Tax group

Athora Netherlands NV 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	2020	2019
Shares and similar investments	663,975	377,039
Fixed-income investments	316,262	173,817
Investment property	54,727	32,987
<b>Investments in investment funds</b>	<b>1,034,964</b>	<b>583,843</b>
Other investments	1,268	667
Cash and other receivables of participants	5,964	-3,079
<b>Other investments</b>	<b>7,232</b>	<b>-2,412</b>
<b>Total</b>	<b>1,042,196</b>	<b>581,431</b>

The increase in the amount of investments for account of participants is due to the expansion of ZL PPI in 2020. This is the result of the increase in contracts signed with employers (2020: 2,501 vs 2019: 2,126). As a result, the number of involving participants increased to 72,363 (year-end 2019: 52,666 participants).

The premiums received from participants and invested in investment funds increased by € 56 million to € 199 million. For each investment fund a high-level 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.

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

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>

## STATEMENT OF CHANGE INVESTMENTS FOR ACCOUNT OF PARTICIPANTS 2019

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>188,130</b>	<b>96,481</b>	<b>17,317</b>	<b>224</b>	<b>15,705</b>	<b>317,857</b>
Purchases and advances	130,297	65,695	11,402	-	-	<b>207,394</b>
Revaluations	63,026	12,620	4,246	-	-	<b>79,892</b>
Disposals	-8,594	-2,531	-369	-	-	<b>-11,494</b>
Reinvested direct investment income	4,163	1,941	18	-	-	<b>6,122</b>
Other	17	-389	373	443	-18,784	<b>-18,340</b>
<b>Balance as at 31 December</b>	<b>377,039</b>	<b>173,817</b>	<b>32,987</b>	<b>667</b>	<b>-3,079</b>	<b>581,431</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 2020						
						Fair value
In € thousands	Carrying amount	Category 1	Category 2	Category 3	Category 4	Total
Shares and similar investments	663,975	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>1,042,196</b>	<b>1,042,196</b>	-	-	-	<b>1,042,196</b>

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	-	-	-	<b>377,039</b>
Fixed-income investments	173,817	173,817	-	-	-	<b>173,817</b>
Investment property	32,987	32,987	-	-	-	<b>32,987</b>
Other investments and cash and other receivables of participants	-2,412	-2,412	-	-	-	<b>-2,412</b>
<b>Total</b>	<b>581,431</b>	<b>581,431</b>	-	-	-	<b>581,431</b>

## 2 RECEIVABLES AND ACCRUED ASSETS

SPECIFICATION RECEIVABLES AND ACCRUED ASSETS		
In € thousands	2020	2019
Receipts from participants	15,927	10,861
Receivables from participants	5,529	4,836
Receivables from group companies	-	209
Other receivables	-	1
<b>Total</b>	<b>21,456</b>	<b>15,907</b>

### Receipts from participants

Receipts from participants include prepaid premium contribution for the year 2021, 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 2020 is a payable and therefore reported under Other payables and accruals.

### 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

BREAKDOWN OF CASH AT BANKS		
In € thousands	2020	2019
Short-term bank balances	15,643	2,511
<b>Total</b>	<b>15,643</b>	<b>2,511</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 2020 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 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>

STATEMENT OF CHANGES IN TOTAL EQUITY 2019					
In € thousands	Issued share capital	Share premium reserve	Other reserves	Result current year	Total equity
<b>Balance as at 1 January 2019</b>	<b>225</b>	<b>2,725</b>	<b>-908</b>	<b>-32</b>	<b>2,010</b>
Transfer of net result 2018	-	-	-32	32	-
Net result 2019	-	-	-	159	<b>159</b>
<b>Balance as at 31 December 2019</b>	<b>225</b>	<b>2,725</b>	<b>-940</b>	<b>159</b>	<b>2,169</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.

## 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 € 2,675 thousand the minimum capital requirement of € 500 thousand is met with a surplus of € 2,175 thousand.

The Assets under Management of ZL PPI at year-end 2020 are € 1,042 million. In 2020 the Assets under management exceeded the amount of € 250 million, leading to an additional solvency requirement of € 1,584 thousand (above the minimum solvency requirement of € 500 thousand). This results in a total amount of required solvency of € 2,084 thousand. With a total capital of € 2,675 thousand (including the audited result of the year 2020) the solvency surplus is € 591 thousand at year-end 2020.

LEGAL CAPITAL AND SOLVENCY REQUIREMENTS		
In € thousands	2020	2019
<b>Legal capital requirement</b>		
Issued share capital	225	225
Share premium reserve	2,725	2,725
Other reserves	-781	-940
Result current year	506	159
<b>Total capital</b>	<b>2,675</b>	<b>2,169</b>
Minimum capital requirement	500	500
<b>Capital: surplus</b>	<b>2,175</b>	<b>1,669</b>
<b>Solvency requirement</b>		
Issued share capital	225	225
Share premium reserve	2,725	2,725
Other reserves	-781	-940
Result current year	506	159
<b>Total capital</b>	<b>2,675</b>	<b>2,169</b>
Minimum solvency requirement	500	500
Minimum solvency requirement for AuM exceeding € 250 million	1,584	663
<b>Solvency: surplus</b>	<b>591</b>	<b>1,006</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	2020	2019
Operational risk	455	586
Credit/counterparty risk	22	26
Compliance/integrity risk	112	96
Exit scenario risk	10	26
<b>Net Internal Capital Requirement</b>	<b>599</b>	<b>734</b>

In 2020 the risk analysis has been updated resulting in changes of capital requirements per (non) financial risk. The most important change compared to 2019 concerns the decreased capital requirement for the operational risks on the basis of the autonomous decrease in the outsourcing risk.

## 5 LIABILITIES TO PARTICIPANTS

BREAKDOWN OF LIABILITIES TO PARTICIPANTS		
In € thousands	2020	2019
Provision of obligations for risk participants	1,041,385	585,226
<b>Total provision of obligations for risk participants</b>	<b>1,041,385</b>	<b>585,226</b>
Other debts for account of participants	811	-3,795
<b>Total</b>	<b>1,042,196</b>	<b>581,431</b>

STATEMENT OF CHANGE IN PROVISION OF OBLIGATIONS FOR RISK PARTICIPANTS		
In € thousands	2020	2019
<b>Balance as at 1 January</b>	585,226	302,544
Premium contributions	199,132	143,513
Investment result participants	71,041	86,014
Incoming transfer values	232,415	69,720
Outgoing transfer values	-35,308	-12,316
Expiration capital	-8,686	-2,729
Deducted costs (Management fees)	-2,435	-1,520
<b>Balance as at 31 December</b>	<b>1,041,385</b>	<b>585,226</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, 'Zwitzerleven Netto Pensioen' is a pension product for employers with employees with a wage higher than € 110,111 (2019: € 107,593). 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 2020, 307 participants (of which 193 active) are using in the Net pension plan (year-end 2019: 276 participants of which 177 active). Of the active participants 42 have build-up a pension value.

## 6 OTHER PAYABLES AND ACCRUALS

BREAKDOWN OF OTHER PAYABLES AND ACCRUALS		
In € thousands	2020	2019
Prepaid premium contributions	11,753	8,935
Risk premium and cost to be paid	2,609	1,609
Expiration capital to be paid	1,492	272
Outgoing transfer values to be paid	73	45
Liabilities to participants	5,529	4,836
Liabilities to other parties	6	-
Debts to group companies	12,778	509
Corporate income tax payable	169	42
Accrued liabilities	15	1
<b>Total</b>	<b>34,424</b>	<b>16,249</b>

### Prepaid premium contributions

Prepaid premium contribution are premium contributions regarding the year 2021.

### Risk premium and cost to be paid

Risk premiums are management fees deducted from premium contribution of participants and are to be settled with Zwitterleven during the year 2021.

### 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 NV, SRLEV NV and ACTIAM NV.

### Corporate income tax

The corporate income tax payable of € 169 thousand at year-end 2020 concerns the tax for 2020 (year-end 2019: payable of € 42 thousand). Tax liabilities for prior years have been settled in 2020.

### 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

In Q1 2021 it was decided to make a capital injection of € 1 million in order to enable ZL PPI to fulfill the increasing capital and solvency requirements due the expected growth of ZL PPI. The capital injection by Athora Netherlands NV was executed in March 2021.

## 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	2020	2019	2020	2019	2020	2019
<b>Positions</b>						
Receivables and accrued assets (Receivables from group companies)	-	-	-	209	-	<b>209</b>
Other payables and accruals (Liabilities to group companies)	-123	-296	-12,654	-213	<b>-12,777</b>	<b>-509</b>
<b>Total</b>	<b>-123</b>	<b>-296</b>	<b>-12,654</b>	<b>-4</b>	<b>-12,777</b>	<b>-300</b>
<b>Transactions</b>						
Obtain loans (Other payables and accruals)	-	-	12,500	14,800	<b>12,500</b>	<b>14,800</b>
Redemption loans (Other payables and accruals)	-	-	-	-14,800	-	<b>-14,800</b>
<b>Administrative expenses</b>						
Administration and management fees (Zwitserleven)	-	-	3,623	2,495	<b>3,623</b>	<b>2,495</b>
Asset management fee rebate (Zwitserleven)	-	-	-612	-261	<b>-612</b>	<b>-261</b>
Asset management fees (ACTIAM)	-	-	1,223	771	<b>1,223</b>	<b>771</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 2020 (31 December 2019: 2). The Supervisory Committee of ZL PPI comprised four members as at 31 December 2020 (31 December 2019: 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 2020 and 2019.

BREAKDOWN OF REMUNERATION MEMBERS OF THE BOARD OF DIRECTORS		
In € thousands	2020	2019
Short-term employee benefits	362	377
Post-employment benefits	43	41
<b>Total</b>	<b>405</b>	<b>418</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 2020 to the members of the Board of Directors of ZL PPI.

In 2020, 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 2019 and 2020 (excluding 21% VAT).

BREAKDOWN OF REMUNERATION MEMBERS OF SUPERVISORY COMMITTEE		
In € thousands	2020	2019
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 2020 (and 2019) and/or granted to members of the Board of Directors or the members of the Supervisory Committee during 2020.

## 10 INCOME

BREAKDOWN OF INCOME		
In € thousands	2020	2019
<b>Management fee income</b>		
Management fee	2,435	1,520
<b>Other fee income</b>		
Administration fee	2,618	2,077
<b>Other income</b>		
Other operating income	356	141
<b>Total</b>	<b>5,409</b>	<b>3,738</b>

## Management fee and administration fee

Management fees of € 2,435 thousand (2019: € 1,520 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 € 2,618 thousand (2019: € 2,077 thousand) are received from customers as a compensation of the administration expenses made by ZL PPI.

## Other income

The other income of € 356 thousand (2019: € 141 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	2020	2019
<b>Administrative expenses</b>		
Administration costs	4,243	3,022
- Administration and management fees (Zwitserleven)	3,623	2,495
- Asset management fees (ACTIAM)	1,223	771
- Asset management fee rebate (Zwitserleven)	-612	-261
- Custody costs (ACTIAM)	9	17
Staff costs	427	427
- Salaries	317	335
- Pension costs	43	41
- Social security contributions	42	24
- Other staff costs	25	27
<b>Other expenses</b>		
Other operating expenses	64	77
<b>Total</b>	<b>4,734</b>	<b>3,526</b>

Administration costs include administration and management fees invoiced by Zwitserleven to ZL PPI for handling the administration of ZL PPI (€ 3,623 thousand). Those costs are based on the SLA between Zwitserleven and ZL PPI.

Administration costs also include investment management costs (€ 1,223 thousand, half of which are covered by Zwitserleven) and custody costs (€ 9 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	2020	2019
Direct investment income	9,128	6,122
Revaluation results with regard to investments in:		
- Shares and similar investments	48,170	63,026
- Fixed-income investments	13,678	12,620
- Investment property	65	4,246
- Other investments	-	-
<b>Total</b>	<b>71,041</b>	<b>86,014</b>

SETTLED COSTS FOR RISK PARTICIPANTS		
In € thousands	2020	2019
This concerns costs that are withdrawn from the participants' investment account	-2,435	-1,520
	<b>-2,435</b>	<b>-1,520</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 1.4 Financial developments and investments.

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

## 13 RESULT APPROPRIATION

Similar to 2019, the Board of Directors proposes to the General Meeting of Shareholders not to distribute dividend for 2020 to Athora Netherlands NV and to add the positive result for 2020 of € 506 thousand to other reserves of ZL PPI.

In accordance with the resolution of the General Meeting of Shareholders held on 24 June 2020, the positive result for 2019 of € 159 thousand has been added to the other reserves of ZL PPI.

Amstelveen, the Netherlands, 25 May 2021

### 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 2020 included in the annual report

#### Our opinion

We have audited the financial statements 2020 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 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2020
- The profit and loss account for 2020
- The notes comprising a summary of the 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 were forced to perform our procedures relating to the audit of the 2020 financial statements to a greater extent remotely due to the COVID-19 measures. This limits our observation and increases the risk of missing certain signals. In order to compensate for the limitations related to physical presence and direct observation, we more extensively used communication technologies and written information exchange to obtain the audit evidence that is sufficient and appropriate to provide a basis for 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, 25 May 2021

Ernst & Young Accountants LLP

signed by J. Slager

## ZWITSERLEVEN PPI

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