Annual Report 2023

a.s.r.
de nederlandse
verzekerings
maatschappij
voor alle
verzekeringen

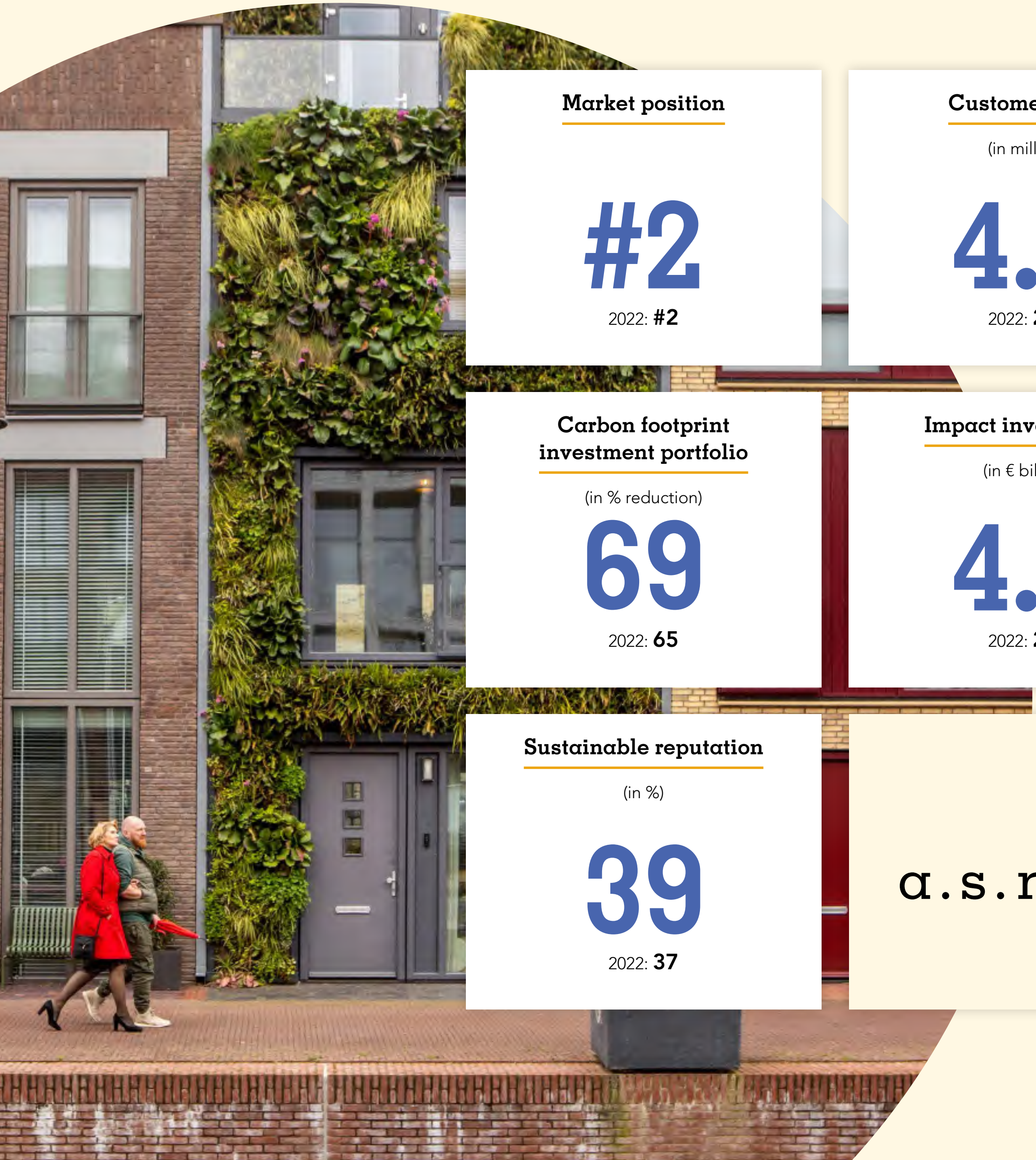
Annual Report 2023

Contents

This document is the PDF/printed version of the 2023 Annual Report of a.s.r. Nederland N.V. (a.s.r.) and has been prepared for ease of use and does not contain ESEF information as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The 2023 Annual Report was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (*Wet op financieel toezicht*), and was filed with Netherlands Authority for the Financial Markets in European single electronic reporting format (the ESEF package). The ESEF package is available on www.asrnl.com and includes a human readable XHMTL version of the 2023 Annual Report. In any case of discrepancies between this PDF version and the ESEF package, the latter prevails.

IFRS 17 has been effective since 1 January 2023. a.s.r. decided to also apply IFRS 9, Financial instruments, from the same date. IFRS 9 and IFRS 17 have been applied retrospectively thereby resulting in restatements of most of the IFRS comparative figures for the consolidated a.s.r. statements and the statements for the Non-life and the Life segments.

At a glance



Market position

#2

2022: **#2**

Customer base

(in million)

4.3

2022: **2.8**

Employees

(in FTE)

7,994[1]

2022: **4,313**

Market capitalisation

(in € billion)

9.0

2022: **6.6**

Carbon footprint investment portfolio

(in % reduction)

69

2022: **65**

Impact investments

(in € billion)

4.0

2022: **2.8**

Employee engagement

(in percentile)

89

2022: **88**

Net Promoter Score (NPS-r)

(-100 to 100)

<market average

2022: **<market average**

Sustainable reputation

(in %)

39

2022: **37**

Brands

a.s.r. AEGON Loyalis een merk van a.s.r. knab TKP

1 This figure includes a.s.r. stand-alone colleagues (4,479) and ex-Aegon NL colleagues (3,515). All other non-financial metrics presented in this Annual Report exclude Aegon NL, unless stated otherwise. For more information on the scope of the non-financial metrics, please refer to About this report and the Glossary.

Premiums and DC volume
(in € million)

8,825

2022: **6,510**

IFRS net result
(in € million)

1,086

2022: **-1,709**

Operating result
(in € million)

1,117

2022: **805**

Total assets
(in € billion)

115.8

2022: **74.0**

Solvency II ratio
(in %)

176

2022: **221**

Operating return on equity
(in %)

12.4

2022: **10.6**

Organic capital creation
(in € million)

938

2022: **653**

Dividend per share
(in €)

2.89

2022: **2.70**

Contractual service margin
(in € million)

5,168

2022: **1,829**

Credit rating
(S&P)

A

2022: **A**

Total equity
(in € million)

Combined ratio P&C and Disability
(in %)

Overview of 2023

January

Shareholders a.s.r. approve acquisition of Aegon NL at EGM

March

Ditzo and Europeesche Verzekeringen to continue under a.s.r. brand

May

Launch of the new campaign strategy: *Nu, later en altijd*

July

a.s.r. completes business combination with Aegon NL and changes governance structure with the introduction of the Management Board

September

Ardanta to continue under a.s.r. brand

October

Employer's combination and combination of a.s.r. Non-life and Aegon NL Non-life completed

November

a.s.r. reached a final settlement for unit-linked life insurance customers

December

a.s.r. issued a € 600 million green bond with a maturity of five years

Integration Aegon Nederland N.V.

This section describes the business combination with Aegon Nederland N.V. and the first steps in the integration of both companies. In this Annual Report, the financial information for 2023 include ASR Nederland N.V. and its subsidiaries, including Aegon Nederland N.V. The non-financial information in this Annual Report covers ASR Nederland N.V. and its subsidiaries, excluding Aegon Nederland N.V., unless stated otherwise.

On 4 July 2023, ASR Nederland N.V. (hereafter: a.s.r.) announced that it had met all conditions required to complete the business combination with Aegon Nederland N.V. (hereafter: Aegon NL). As a result, the services of Aegon NL in Dutch non-life and life insurance, pensions, mortgages, banking, and distribution and services will be combined with a.s.r. The necessary regulatory approvals have been obtained from the Authority for Consumer & Market (*Autoriteit Consument & Markt*; ACM), while both the Dutch Central Bank and the European Central Bank issued statements of no objection to the acquisition. Since the works councils of a.s.r. and Aegon Group (former Aegon N.V.; hereafter: Aegon Ltd.) had previously issued a positive opinion, the transaction could be completed. From 4 July 2023 onwards, a.s.r. and Aegon NL began the integration of the two companies. The integration of the various parts of the business will be carried out in phases and with the utmost care for all stakeholders. The integration is expected to be completed by the end of 2026.

Strategic objectives

The combination with Aegon NL reinforces a.s.r.'s overall number two position in the Dutch market, providing a compelling in-market business combination that offers a.s.r. further opportunities to create a leading insurer in the Dutch market. It strongly aligns with the strategic positioning of a.s.r. across all key pillars, creating a robust business combination which is well positioned for the future, with sustainable value creation for all stakeholders. Leveraging its proven integration capabilities, a.s.r. is keen on developing further economies of scale with significant cost reduction potential. The adoption of a partial internal model (PIM) across the group will be accelerated to optimise capital efficiency and improve the sensitivities within risk models for Solvency II. The integration also enables a.s.r. to grow its talent pool with the employees of Aegon NL. The number of brands maintained will be limited. Dual branding in Pensions and Mortgages will exist for a maximum of three years, while some Aegon NL brands, such as TKP, Robidus, and Nedasco, will remain. For the distribution of its product offering, a.s.r. continues to use a multi-channel distribution strategy, leveraging the strengths of both companies in the mandated agents and intermediary channels. With regards to market and location, a.s.r. will continue to operate exclusively in the Dutch market with a concentration of activities at its headquarters in Utrecht.

Achievements to date

Since the announcement of the business combination, much progress has been made with respect to the integration. While receiving the regulatory approvals after the announcement of the transaction on 27 October 2022, a.s.r. worked hard to create a new target operating model which required integration plans from each business unit and staff function. To support these integration plans, transitional service agreements (TSAs) have been agreed between a.s.r. and Aegon Ltd. to safeguard business continuity. These TSAs will safeguard the availability of services between a.s.r. and Aegon Ltd. during the integration, such as IT infrastructure and asset management services. To ensure full disentanglement from Aegon Ltd. over the integration period, strict timelines and a strong governance have been put in place.

Since the completion of the transaction, the integration plans have been further specified. After a thorough and carefull process, the appointment of senior management was one of the first milestones in the integration process. Furhtermore, a.s.r. has been able to validate its integration plans bottom-up, and during the Investor Update on 30 November 2023 a.s.r. confirmed that the initial target run-rate synergies of € 185 million is further increased to € 215 million. To achieve these synergies, the Integration Management Office monitors overall progress, with a focus on value delivery. This enables management to adequately steer in the event of deviations.

In support of the integration plans, and more specifically the IT migrations, choices were made on all major backend systems. Contracts with vendors were (re)negotiated and migration architecture designs drawn out. The IT plans have been internally and externally vetted and the first migrations, such as the HR systems, have already been executed. This marks an important proof point for the road ahead.

A major step in the overall integration was reached on 1 October 2023, when the legal integration of the two Holdings and two Non-life entities were finalised. This also marked the employer integration. From this point onwards, further organisational steps have been taken, creating the outlines of the new combined organisation. 24 requests for advice have been submitted to the Work Council. Full integration will require additional phases which will follow in line with business migrations.

What's next?

The employees of a.s.r. and Aegon NL are key to making the integration a success. For this goal, a.s.r. is strongly focused on defining and fostering a renewed culture. With the addition of Aegon NL, a.s.r. will grow the talent pool and needs to ensure employee engagement over the integration period. The Management Board (MB) will closely monitor the key metrics in this regard, including eMood, turnover, and sick leave to ensure that employee engagement remains at pre-integration levels.

For business lines, the next steps in the integration are focused mainly on migrating products and policies from the Aegon NL administrative systems to the target systems – mostly based on the a.s.r. IT landscape, followed by a decommissioning. Completion of the decommissioning is anticipated to be finalised in 2026. This includes the decommissioning of legacy systems and all IT infrastructure services currently consumed via TSAs. All business lines and staff functions have given their firm commitment to reaching the overall timelines.

Through its commitment, a.s.r. is also dedicated to ensure a seamless integration for its end customers and intermediaries. The necessary adjustments to a.s.r.'s new products will be implemented as seamlessly as possible, to provide a warm welcome to Aegon NL customers. a.s.r. organised numerous information sessions throughout 2023, specifically tailored for intermediaries to keep its business partners well-informed about the integration progress, and how they can best support their clients during this transition. a.s.r. plans to continue these sessions during the remainder of this integration, while migrating the business portfolios.

For the Asset Management business segment, a.s.r. will further develop its way of working, collaboration and product offerings with Aegon Asset Management to deliver integrated product solutions for the IORP offering of Aegon Cappital and a.s.r.'s mortgage funds.

The Integration Management Office and various other governing bodies have been created to oversee and steer all integration efforts. Quality assurance is safeguarded via the involvement of the first line Risk & Control (ERC), second line Group Risk Management (GRM), Compliance and third line Internal Audit. GRM has organised monthly dedicated risk meetings, while audit involvement is focused around quality control for data migrations. Progress with regard to the integration is also discussed at senior management level through steering committees that report to the MB, to ensure sufficient management awareness. Each business line and staff function has a director who is responsible for the delivery of the integration plan and synergy targets. Overall, a.s.r. has committed and executed on the planned milestones thus far and organised itself for the upcoming three years to continue to deliver on the planned integration path ahead.

Financial information
a.s.r. has integrated the financial information in accordance with legislation. Further financial updates are to be expected towards the summer of 2024, when a.s.r. organises a capital markets day at which it will present the updated strategy and new medium-term targets, both financial and non-financial.

Non-financial information
Based on the arguments mentioned below, a.s.r. is convinced that combining the non-financial (quantitative) information would reduce clarity and informative value for stakeholders. It has therefore chosen to present the Aegon NL figures for 2023 in a separate table.

This decision is driven by:

- The non-financial topics reported by Aegon NL do not fully correspond to the topics reported by a.s.r. This is partly due to the fact that different topics were reported to varying levels of detail in the past and partly due to differences in definitions and measurement methods. As a result, the data from both companies cannot be added up to a single total;
- a.s.r. has obtained external assurance (partly limited/ partly reasonable) on the reported non-financial information in recent years. Aegon NL has no assurance on the historical non-financial information;
- From 2024 onwards, reporting will be carried out on the entire organisation (a.s.r. and Aegon NL). The process of integrating the non-financial information of a.s.r. and Aegon NL takes place simultaneously with the preparations for Corporate Sustainability Reporting Directive (CSRD) reporting, which requires that the scope of consolidation is the same as for the financial statements.

The non-financial figures for Aegon NL is can be found in section 8.8. This information is not in scope of the assurance procedures from the external auditor. All non-financial information in the rest of this Annual Report - other than section 8.8 - exclude Aegon NL, unless stated otherwise.

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Message from the CEO

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Message from the CEO

2023 was a year a.s.r. took a giant step forward. For the first time, we have published our results including the results of Aegon NL. The combination with Aegon, which was completed in July 2023, forms an important milestone in the history of a.s.r. - a history dating back more than three centuries. The past year was dominated by:

- The combination with Aegon NL, enabling us to welcome more than 4,000 new colleagues;
- The breakthrough in the unit-linked life insurance file, through an agreement with the five claims organisations concerned;
- The introduction of IFRS 17/9, a new accounting standard for the industry;
- The further implementation of our strategy.

Colleagues from Aegon NL and a.s.r. are working closely together to make a success of the combination. I am proud that this complex process is proceeding according to plan and that the envisaged results, including the combination itself, are being realised. In the meantime, customers and advisors are still being provided with the best possible service. The results so far confirm the strong strategic and financial benefits of the combination. This is reflected in matters such as an increase in the envisaged cost synergies, as announced during our Investor Update in November 2023, but also in the significant growth opportunities that we see in for example the Pension market.

The unit-linked life insurance file has been one of the most long standing issues in the financial sector. In 2023, a.s.r. took the initiative, and became the first major Dutch insurer to reach a final settlement with the five claims organisations representing customers with unit-linked life insurance. With this initiative, a.s.r. has set the framework for subsequent deals from other insurers. It is good to see that other insurers have now also taken up the challenge and have reached settlements. In this way, our sector has made a joint effort to close this file and to further improve trust of society in insurers

The implementation of our strategy aimed at long-term value creation for all stakeholders continued unabated in 2023. a.s.r. aims to be the best financial service provider for customers and advisors. The Net Promoter Score shows that customer satisfaction is rising. However, this is also the case among competitors, and we must therefore continue to improve in order to remain distinctive in this regard too. Our reputation for sustainability has also improved further. I welcome the appreciation that a.s.r. receives, and in particular, the improved appreciation for a.s.r. among younger people.

The financial results for 2023 were strong. We realised our most important objectives. The organic growth of a.s.r., together with the effects of the combination with Aegon NL, had a positive impact on our results. Both the operating result and the revenue showed a strong improvement in the different segments. The Non-life and DC Pensions segments saw strong organic growth. The operating result rose in both the Life segment and in the fee business. Mortgage production was under pressure, but was nevertheless higher in 2023 than in 2022, due to the combination with Aegon NL. At 93.5%, the combined ratio for the Non-life and Disability product lines is within the target range of 93-95%. The operating return on equity of 12.4%, in line with the target of 12-14%.

I take pride in the fact that during this year, in which a great deal of time was devoted to the combination with Aegon NL, we were also able to further realise the a.s.r. growth strategy. Our solvency, while lower than in the preceding year, remains strong, which is reflected in a Solvency II ratio of 176%. When including the announced sale of Knab to BAWAG Group AG, the ratio will increase to approximately 189%. Our strong level of organic capital generation and the realisation of cost synergies are the most important contributors to our confidence in further growing into the balance sheet.

a.s.r. continues to generate capital in line with its objectives. That provides a sound basis for payment of dividends to shareholders and further strengthening of the balance sheet. We have offered our shareholders a dividend for 2023 which is 7% higher than that for 2022. During our meetings with shareholders, we encounter considerable support for our strategy. In particular, shareholders see the opportunities that the combination with Aegon NL affords for the growth of a.s.r in the longer term.

Our employees have a strong interest in the operational performance and the results of a.s.r. They feel a high degree of commitment to a.s.r., as shown by a score of 89 in the annual Denison survey, well above our target (>85). This score is expected to be lower in 2024, as a result of the combination with Aegon NL. We continually work on developing an inclusive and strong business driven culture for a.s.r. Values that are shared by all employees of a.s.r. and Aegon NL form crucial building blocks for this. These are recorded in 'the story of a.s.r.', which plays a fundamental role in realising that single strong culture.

We are aware that the tight labour market and our choices regarding future locations sometimes puts pressure on our operations. We are obviously very alert to this, and are confident that we are well able to cope with this challenge.

In the field of sustainability, we made progress in both asset management and in the different product lines in 2023. In asset management, we have attained our goal of realising a reduction of 65% in our CO_2 footprint and in 2023, we introduced the ASR Global Impact Equity Fund ('*ASR Wereldwijd Impact Aandelen Fonds (AWIAF)*'), which means that for the first time, a.s.r. now also offers institutional customers an opportunity to invest in companies that pursue a positive impact on people, the environment and society.

a.s.r. also aims for sustainable damage recovery and wishes to offer this to its customers in the most efficient way possible. In addition, we have the ambition to encourage as many home owners as possible to make their homes more sustainable. We support them in doing so by lowering the financial and practical barriers.

With the *Doenkracht* social programme, we combined the activities of Aegon NL and a.s.r. in 2023 and many colleagues contributed via this programme to society.

While closing the books for 2023 with a feeling of satisfaction, we are also looking ahead to 2024 and beyond. During the Capital Markets Day on 27 June, we will present the strategic growth opportunities of a.s.r. and will discuss the new financial and non-financial objectives, including our capital management policy. In the meantime we are keeping a close watch on a number of developments that could have an impact on our business and on Dutch society. These include pressure on the labour market due to a shrinking workforce and uncertainty in the housing market. Political developments could also lead to delays in important decision-making by the Dutch government, on matters including the climate and biodiversity, and the affordability of health care. It is important for the Netherlands to have a stable and predictable government soon that deals with all challenges society is facing and which are often closely related to a.s.r. businesses.

When I look back at what we all achieved in 2023 thanks to the tremendous commitment, loyalty and dedication of all our colleagues, it makes me incredibly proud. Everything we do is aimed at the further growth of a.s.r. in a sustainable society. We do this with the support of our shareholders, the major efforts of our employees and the trust that our customers and advisors place in us. Together, we maintain a focus on implementing the long-term growth strategy of a.s.r. For that, I am very grateful.

On behalf of the Management Board,

Jos Baeten,
CEO and Chair of the Executive Board

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Business and strategy

2

2.1 The story of a.s.r.

a.s.r. is the second largest insurer in the Netherlands based on market share. It has existed for over 300 years and is a leading insurer in the Netherlands. a.s.r.'s head office is located in Utrecht, with additional locations such as Amsterdam, The Hague, Enschede, Groningen, Heerlen and Leeuwarden. 7,994 employees (FTE) work at a.s.r.[1]

Purpose and mission

a.s.r. helps customers share risks and accumulate capital for later. The sustainable solutions a.s.r. offers, take into account the interests of people, the environment, society and future generations.

a.s.r.'s ambition is to fulfil the following roles within society: to be an insurer that customers can depend on, a stable financial institution, a people-focused employer, and a valuable member of society. Central to these roles is a.s.r.'s mission to help customers insure risks they are unwilling or unable to bear themselves. This may involve damage to a vehicle, home or household contents, medical expenses, funeral costs, or the provision of a guaranteed income when someone is temporarily unable to work. a.s.r. also offers mortgages and banking services. In addition, it provides services for people wanting to accumulate assets for now and later, and for people who require asset management services.

Strategy

At the heart of a.s.r.'s strategy is long-term value creation for its key stakeholders: customers and intermediaries, employees, shareholders, and society. a.s.r. is ambitious and wants to become the key pensions player in the Netherlands, a leading mortgage lender and a leader in sustainability. It sees opportunities to strengthen its position and grow further in Property & Casualty (P&C), Disability and Asset Management in the coming years. a.s.r. also wants to expand its role in the value chain with its distribution and service companies. In Health, Individual life and Funeral, a.s.r.'s ambition is to maintain its current position. Central to the above is a.s.r.'s premise to put value over volume.

a.s.r. wants to be the best financial service provider for customers and advisors, and offers simple and transparent products and services that meet their needs. a.s.r. closely works with intermediaries who know customers' personal situations well and can give them the best advice. It is key to build excellent relationships with advisors, who, especially in the growth markets of P&C, disability, pensions and mortgages, continue to play a vital role in serving its customers. a.s.r. also offers customers the possibility of arranging matters for themselves, quickly and easily, in the digital a.s.r. environment, through personal contact.

a.s.r. is cost-efficient and financially sound. It handles the money that customers entrust to it with care and it needs to be financially strong in order to meet its obligations and ensure continuity for customers and employees. a.s.r. offers shareholders the prospect of a fair return.

Sustainability is integrated in a.s.r.'s day-to-day operations. As a large insurer, a.s.r. wants to contribute to solving societal issues. It identified three areas in which it can make the biggest impact:

1. **Financial self-reliance and inclusion**
   a.s.r. helps people take risks responsibly and make conscious financial choices in order to prevent or get out of debt. It pays attention to the inclusion of various target groups, including vulnerable groups.

2. **Vitality and sustainable employability**
   a.s.r. is committed to avoiding illness, absenteeism and disability among employees, employers and its (healthcare) customers. This allows people to remain healthy for longer and continue to contribute to society. a.s.r. creates opportunities for its employees so that they can continue to develop themselves and increase their opportunities in the labour market, both inside and outside a.s.r.

3. **Sustainable living**
   a.s.r. helps customers through its insurance products and advice on how to live more sustainably. As a major investor, it invests in activities that reduce climate impact, support the energy transition and restore biodiversity, hereby reducing climate risk. a.s.r. also pays attention to the environmental impact of its offices, transport and procurement within its own operations.

1 This figure includes a.s.r. stand-alone colleagues (4,479) and ex-Aegon NL colleagues (3,515). All other non-financial metrics presented in this Annual Report exclude Aegon NL, unless stated otherwise. For more information on the scope of the non-financial metrics, please refer to About this Report and the Glossary.

2.2 Value creation model

The value creation model illustrates the process by which a.s.r. creates long-term value. Input refers to all means, products and services that a.s.r. needs in order to implement its strategy and realise long-term value. The concrete results are shown as output. The ultimate impact/ value generated is recorded in the expected outcomes.

The components of the value creation model are explained in more detail in this Annual Report. The titles of these components are printed in italics.

Input

Financial capital
- Total equity
- Gross written premiums
- Assets under Management

Manufactured capital
- Best in class operator
- Proven IT integration skills

Human and intellectual capital
- Expertise in pricing, underwriting, claims management, and asset management
- Experienced, engaged and diverse workforce
- Training and development programs

Social and relationship capital
- Loyal and high-quality intermediary network
- Strong brand and reputation
- Partnerships and sector initiatives

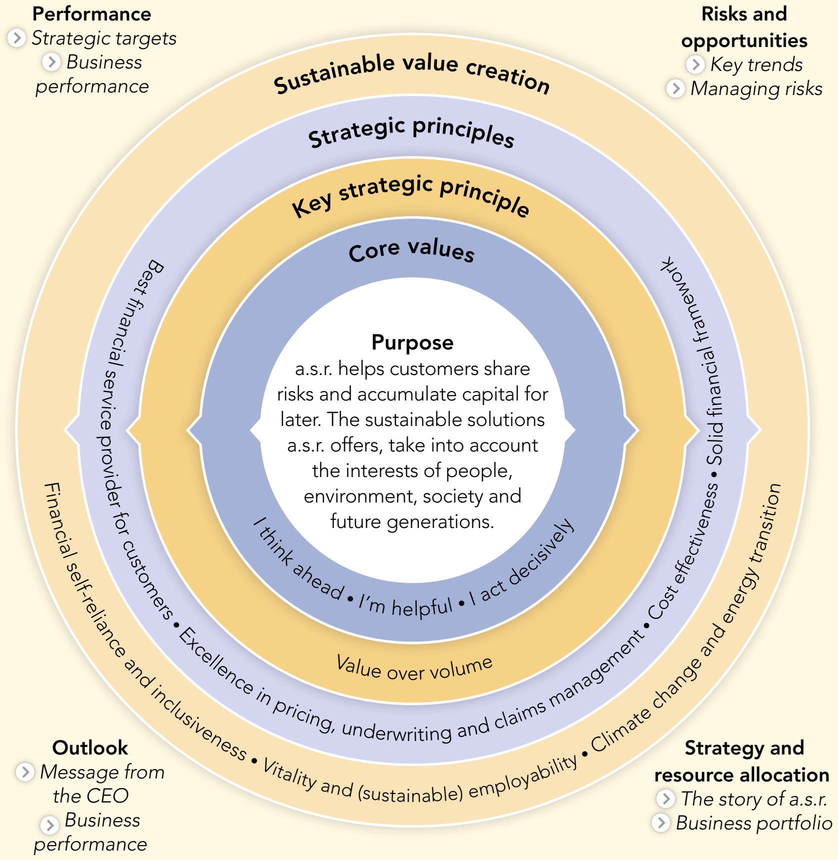
Natural capital
- Paris Agreement
- Biodiversity Pledge

How a.s.r. operates
Business performance

Business activities

Non-life | Life | Asset Management | Bank | Distribution and Services

Business portfolio *Business performance*



Output

Claim payments

Solvency

Employee engagement

Customer satisfaction (NPS)

Skilled workforce

Reduction carbon footprint investment portfolio

Impact investing

Sustainable reputation

Strategic targets

Expected outcome

Financial capital
- Correct and smooth claim handling and payment to customers
- Progressively growing annual dividend per share
- Fair tax payments

Manufactured capital
- Accessibility for a.s.r.'s customers by up-to-date digital customer solutions

Human and intellectual capital
- Fair remuneration
- Equal pay F/M
- Healthy and vital workforce
- Focus on sustainable employability

Social and relationship capital
- Increasing client satisfaction
- Contribution to financial security and self-reliance

Natural capital
- Paris-aligned investment portfolio
- Facilitator of the energy transition
- Active contributor to and pioneer in the challenging field of biodiversity

How a.s.r. operates
Business performance

2.3 Business portfolio

a.s.r. operates solely in the Dutch market. In 2022, a.s.r.'s market share amounted to 24.2%[1] (2021: 17.1%) of the insurance market excluding health insurance.

Following the business combination of a.s.r. and Aegon NL, the organisation is divided into six segments[2], as can be seen in the figure below.

2.3.1 Non-life segment

In the Non-life segment, a.s.r. is keen on retaining a strong combined ratio through excellence in pricing, underwriting and claims management. a.s.r. focuses on a mix of organic and inorganic growth, depending on the business line.

The ability for creating value and growing profitably in Non-life is underpinned by the following capabilities of a.s.r.:

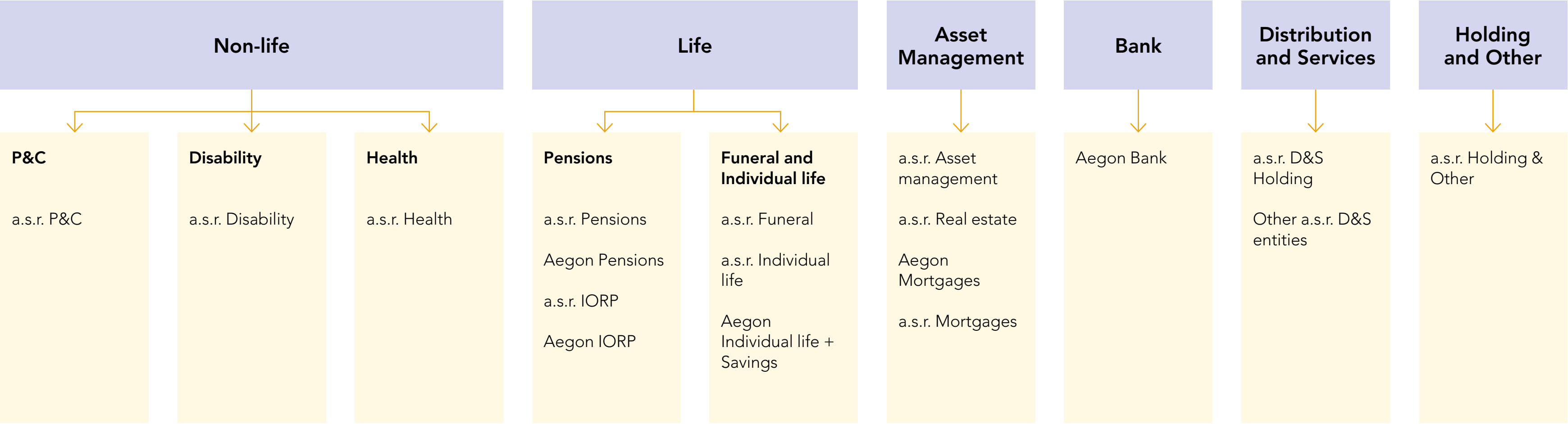
- Insurance expertise, i.e. its underwriting skills, acceptance, risk selection and pricing, supported by advanced data analytics capabilities;
- Excellent claims management and disciplined (insourced) claims handling;
- Leading position in the intermediary channel and its in-house distributors and service providers;
- Organic growth with a strong combined ratio (COR);
- Scalable and cost-effective operations with a single Information Technology (IT) platform per business line.

Property & Casualty

a.s.r. has a top three position in the Dutch Property & Casualty (P&C) market, predominantly in car and fire insurance. a.s.r. expects to gain market share at the targeted COR, with a particular focus on the small and medium-sized enterprises (SME) market. Expansion through inorganic growth is also pursued when opportunities arise. a.s.r.'s cost-efficient operations strengthen its profitable top three position. The distribution partners play an important role in achieving organic growth.

Disability

With the acquisition of Aegon NL, a.s.r. has strengthened its leading position in the disability insurance market with a focus on organic growth. It has an extensive range of products and services focusing on sustainable employability and on preventing and reducing absenteeism. A large



1 Source: Market shares DNB 2022. Market shares in 2023 were not available at the time of the publication of this Annual Report.
2 On 1 February 2024, a.s.r. announced that it has reached an agreement to sell Aegon Bank N.V. to BAWAG Group AG.

network of specialist intermediaries and in-house service teams with extensive knowledge of the disability insurance market helps clients to meet their specific needs. Prevention, treatment and reintegration services assist employers, employees and self-employed individuals with sustainable employability. For example, a.s.r.'s science-based behaviour change programme (a.s.r. Vitality) helps to improve customers' health and wellbeing.

Health

a.s.r. offers basic health (medical) insurance under the Dutch Health Insurance Act (*Nederlandse Zorgverzekeringswet*) in combination with supplementary health insurance and long-term medical care cover. In 2023, a.s.r. is the sixth largest provider of health insurance on the Dutch market, measured by number of customers.

In 2023, the strategy of a.s.r. was further refined in response to developments in the market and society, to provide cover for health care that is future-proof. With the revised strategy a.s.r. aims to maintain a stable customer base, and to refrain from further growth.

By shifting the focus from reactive to preventive service provision, a.s.r. supports customers to manage their health more effectively and to reduce medical costs. An example of this is a.s.r. Vitality, a wellbeing programme that encourages customers to make healthier choices.

2.3.2 Life segment

The books that a.s.r. manages as service books are Individual life, Defined Benefit (DB) pension books and Funeral books. New business has reduced over time, mainly due to changes in the Dutch tax regime and a.s.r.'s value over volume strategic principle. The acquisition of Aegon NL however, has led to a significant increase in in the pensions customer base.

a.s.r.'s profitability in this segment has its origin in low and variable cost operations, migration and conversion skills of books of business and in the optimisation of Solvency II capital and investment returns. The focus is on further rationalisation of products, migration of IT platforms, cost efficiency and generating a stable operating result.

Opportunities within service books are:

- Consolidation of funeral books;
- Benefits that may be achieved by leveraging a.s.r.'s operational efficiency in the segment.

Pensions

a.s.r. is a major provider of defined contribution pensions (pensions DC) in the Netherlands. It provides various options for building up a pension via various propositions. a.s.r. does so by means of:

- The Employee pension (*Werknemerspensioen*), life cycle solutions for SMEs and large-cap companies;
- Pension accrual via Institutions for Occupational Retirement Provision (IORP);
- Wealth accumulation to attain financial goals via *ASR Vooruit.*

a.s.r. helps customers to create financial security for the future. Although the growing DC proposition is now the largest part of new business, the Defined Benefit (DB) product still forms a large part of the existing pension portfolio. a.s.r. manages its DB pension portfolio as a service book, with a focus on the further optimisation of processes, cost-efficiency, and enhanced customer service.

Funeral

a.s.r. is a top three funeral insurer in the Netherlands, based on gross written premiums. a.s.r. continues to focus on capital generation and the further strengthening of its competitive position. Efficient operations, reflected in low costs per policy, form an important driver for this.

Individual life

Most of the products within Individual life are no longer actively sold. Term life insurance is the only Individual life product that a.s.r. actively sells. It guarantees payment of a stated death benefit to the insuree's beneficiaries, if the insuree dies during the specified term. a.s.r.'s term life products are mainly sold in combination with mortgage loans or investment accounts.

2.3.3 Asset Management segment

Asset Management

As well as managing its investment portfolio for its own account, a.s.r. offers unique investment propositions for third party clients, in which it has extensive experience and expertise:

- Growth through affiliated pension business with life cycle solutions;
- Proprietary mortgage production, serviced in a cost-effective manner;
- Opportunities for institutional investors in commercial, retail, residential and rural properties via real estate funds.

a.s.r. pursues a buy and build strategy in order to add scale, specific knowledge and services to its asset management business for third parties.

As part of the agreement on the business combination, Aegon Asset Management (Aegon AM) will use its extensive experience of management of specific illiquid asset categories for a period of at least 10 years. a.s.r. will transfer the management of the third-party mortgage and illiquid funds to Aegon AM. Furthermore, Aegon AM will retain the management of assets related to Aegon Cappital, Pensions DC and the unit-linked portfolios, whilst a.s.r.'s asset management department will manage all other asset categories relating to affiliate and general account assets.

Real Estate

a.s.r. invests in real estate and infrastructure (real assets) on behalf of a.s.r. and institutional investors and manages real assets portfolios. On July 4, 2023, as a result of the transition of Aegon NL, a.s.r. gained a 50% interest in the joint venture Amvest.

Mortgages

a.s.r. operates in the residential mortgage market and provides mortgage loans to retail customers for its own account and external investors. The mortgage loans for the a.s.r. brand are issued by ASR Levensverzekering N.V. and for the Aegon brand by Aegon Hypotheken B.V. and Aegon

Levensverzekering N.V. Since its acquisition of Aegon NL, a.s.r. is the largest Dutch mortgage lender among insurers, with a market share of around 11%.

2.3.4 Bank segment

Aegon Bank (Knab) is an online bank that combines banking and insurance for its customers, being entrepreneurs and their families, such as self-employed, small business owners and entrepreneurial retail customers. Knab offers payment accounts, savings accounts, and a basic investment product.

In February 2024, a.s.r. announced that it has reached an agreement to sell Knab to BAWAG Group AG.

2.3.5 Distribution and Services segment

The Distribution and Services (D&S) holding company is responsible for the distribution and service entities of a.s.r. and directs and coordinates (the management of) the businesses. Companies under the D&S holding company are jointly responsible for developing a centralised strategy and promoting cooperation and synergy between the businesses that form part of the holding. These companies retain their own, unique identities and organisational structure and continue to operate independently of a.s.r. but in line with the centralised strategy. The participating companies of a.s.r. in the distribution and service market are Nedasco, Van Kampen Groep (VKG), Dutch ID (Boval, Felison), Supergarant, and Poliservice. Robidus also reports to D&S, but it is a separate entity with their own strategy and is not governed through the D&S holding company.

a.s.r. uses this centralised strategy to achieve the following:

- A bigger market share and enhanced customer reach, managing the value chain and financial benefits, for instance through exploitation of benefits of scale, capital-light profitable growth and expanding and securing the a.s.r. portfolio;
- Integrated management of the administration and services to generate synergy benefits, guaranteeing a focus on local customers and target groups;
- Accelerating inorganic growth in the rapidly consolidating market through dedicated mergers and acquisitions (M&As) and integration teams;
- Creating a link between distributors and the insurer, based on optimum cooperation, in which the entrepreneurial spirit and independence of the distribution companies is preserved.

TKP Pensioen, a subsidiary of Aegon NL and a leading player in the Dutch market for pension administration, further enhances a.s.r.'s proposition for pension funds. For the Defined Benefit (DB) business, TKP administers pension rights for large corporate and industrial pension funds as well as other pension providers. Additionally, TKP takes care of the communication for these clients: from mandatory pension statements to customer contact and digital customer service. As a pension administrator, TKP is reported in the D&S segment, but it operates as a separate business line under the Life segment.

2.3.6 Holding and Other segment

The Holding and Other segment (including eliminations) consists primarily of the following activities:

- Holding activities of a.s.r., including group-related activities;
- Other holding and intermediate holding companies, including:
  - ASR Vastgoed Projecten B.V., the real estate development business;
  - ASR Vooruit B.V., the investment firm that performs activities relating to private investments for customers;
  - ASR Deelnemingen N.V.

2.4 Value chain model

The value chain outlines the relationship between the business activities of a.s.r. and the preceding and underlying links.

Upstream

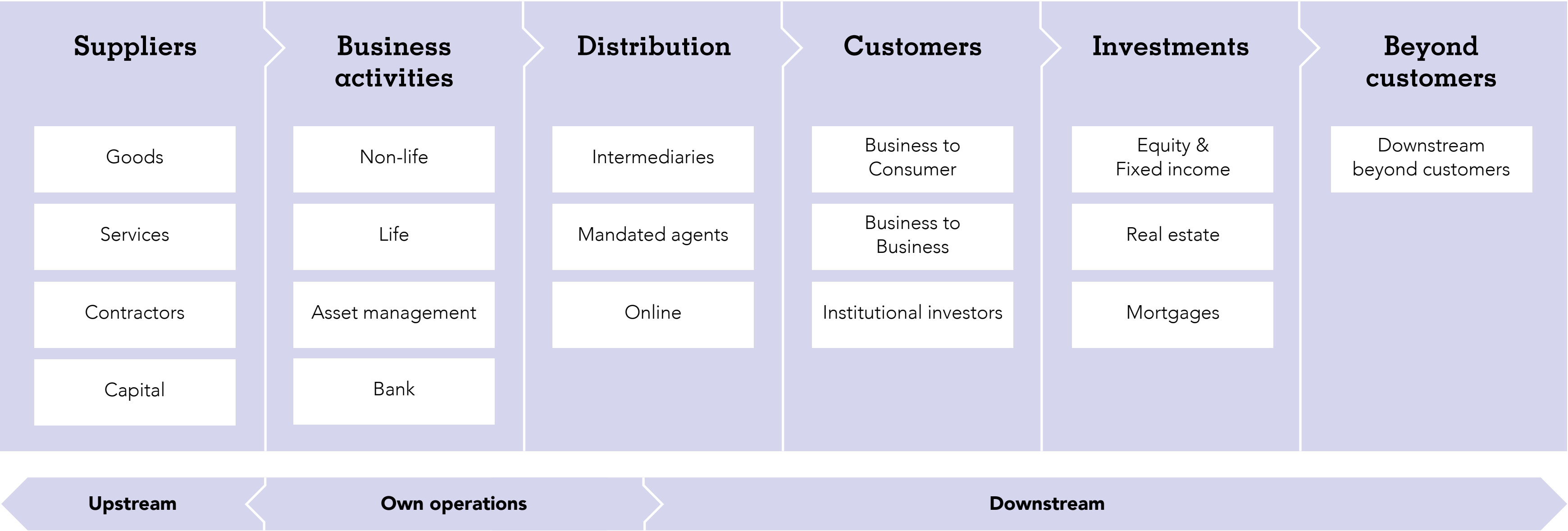
For a.s.r., in its role as an financial service provider, the upstream part of the value chain consists of suppliers of goods, services, contractors, and capital necessary for the functioning of its own business activities.

Business activities

a.s.r.'s own business activities comprise of several financial services that are organised within a.s.r. into six segments. Please refer to section 2.3. People working in these activities are supported by staff functions, such as HR, IT, Finance & Risk, and Procurement.

Downstream

Through independent intermediaries, mandated agents, and via online, a.s.r. sells several types of Non-life and Life insurance products to business customers and private customers. Premiums received service as financial capital input for the investments. a.s.r. considers the investment portfolio to be a part of the downstream value chain. The investment portfolio includes corporate bonds, government bonds, equities, real estate, mortgages, and non-listed sector funds. a.s.r. is well aware that its activities also indirectly impacts and/or can be impacted by parties beyond direct customers and is actively managing these impacts. An example is employees of business customers of a.s.r. that have their pension arranged via a.s.r.



2.5 Key trends

a.s.r. operates in a changing and highly regulated environment. It stays on top of trends that impact its business models. Therefore, a.s.r. aims to be adaptive in order to benefit from opportunities as well as to mitigate risks to its business models that originate from those trends.

Within a.s.r., trends and developments are classified into three categories. The overview below shows the trends most relevant to a.s.r.

2.5.1 Economic & financial markets

High(er) interest rates for longer period

In recent years, particularly in 2022, there has been a clear break from the 'low interest rate' environment that dominated the first two decades of the 21st century. The trigger for this reversal appears to have been the combination of economic growth recovery and rising inflationary pressures, after the ending of the Covid-19 pandemic. To bring inflation back under control, central banks in western countries have raised interest rates to the highest levels in over 20 years, while bond yields have also risen substantially. Towards the end of 2023, bond yields decreased somewhat, but are still considerably higher than the past two decades.

Sustained volatility and reduced risk premiums

More recently, interest rates appear to have peaked but for the foreseeable future, a return to a 'zero interest rate' environment does not appear likely. Inflationary pressures are subsiding, but in the short term a speedy and sustained return to the 2% inflation targets of central banks, e.g. the European Central Bank (ECB) and the Federal Reserve Bank (Fed), does not appear to be forthcoming. The higher interest rate environment has proven detrimental to risk premiums and returns on relatively risky asset classes, e.g. equities and real estate.

Inflation risk vs. recession risk

At the same time, it should be noted that, while higher interest rates have been instrumental in lowering inflation risk, they have also raised the risk of a recession or 'credit event', e.g. the 'almost banking crisis' in early 2023. This might lead central banks to eventually lower interest rates again, but for now the only certainty is continued uncertainty and, therefore, heightened volatility for financial markets.

Increased geopolitical risk

Apart from the changed interest rate environment, financial markets have also been affected by heightened geopolitical risk. In early 2022, Russia's invasion of Ukraine rocked financial markets, if only for its impact on food and fuel prices and, therefore, inflation. In late 2023,

Economic and financial markets

- High(er) interest rates for longer period
- Sustained volatility and reduced risk premiums
- Inflation risk vs. recession risk
- Increased geopolitical risk

Political and regulatory

- Sustainable finance
- Digital finance
- Financial crime and anti-money laundering developments
- Ongoing financial reforms
- EU New Consumer Agenda

Environmental, social and governance

- Climate change and biodiversity
- Health and well-being
- Changing labour market and fierce competition for talent
- Inclusion and equal opportunities
- Increased financial problems under customers

the developments in Israel and Palestine were another geopolitical shock to financial markets. Geopolitical risk, not only as a consequence of military conflict, but also of e.g. climate change and deglobalisation, is expected to remain an important factor for future economic growth and inflation, and thus for expected investment returns. In the short term, the presidential elections in the US and the rising tensions between China and Taiwan provide additional challenges.

a.s.r.'s response

In general, higher interest rates are positive for insurers, but at the same time a mixed blessing for financial markets and expected future investment returns. A sustained focus on 'real assets', e.g. real estate (including mortgages and infrastructure) may provide shelter in a continued high-inflation/high interest rate environment. a.s.r. actively manages its interest rate hedging in order to be prepared for sudden fluctuations.

Prolonged financial market volatility constitutes a threat to stable investment returns. Additional portfolio diversification and an increased focus on 'illiquid assets' and/or 'low volume/high quality assets' may be useful in stabilising investment returns over a longer-term horizon.

a.s.r. is actively seeking opportunities to further diversify its investment portfolio, e.g. through more geographical diversification in its equity and credit portfolios. In addition, there has been a notable shift from public to private markets (e.g. private debt and structured investments) and real assets (e.g. renewables and infrastructure).

2.5.2 Political and regulatory

Sustainable finance

Sustainability, in particular efforts to address climate change and biodiversity loss, are important drivers of regulatory developments. The EU has committed to reach the goals of the Paris Agreement and the UN's 2030 Sustainable Development Goals. The required actions for the financial sector to achieve this ambition were reflected in the European Commission's 2018 Sustainable Finance Action Plan, including CSRD, and its 2021 Renewed Sustainable Finance Strategy.

Digital finance

The trends toward digitisation and the use of big data have a large impact on regulatory developments. Digital finance, in particular, is an important driver for legislative initiatives. On the one hand, the aim is to ensure that customers have access to innovative financial products while at the same time, preserving customer protection and financial stability.

In view of this, the European Commission presented its Digital Finance Package. Embracing digital finance is expected to unleash innovation and create opportunities to develop better financial products for customers. Digital finance also cuts across borders, therefore potentially enhancing the integration of financial markets.

Financial crime and anti-money laundering developments

The European rules and regulations regarding anti-money laundering (AML) have increased substantially over the past decade. Geopolitical developments such as the war in Ukraine and the subsequent sanctions have also illustrated the importance of robust AML regulations. In 2021, the European Commission (EC) published several proposals to reform AML regulations. With this package, the EC aims to strengthen the EU's AML and countering of terrorism rules.

Ongoing financial reforms

Financial regulation is subject to constant, incremental change and is influenced by developments in financial markets and society. Important examples for the insurance sector include the proposed changes to the Solvency II framework, following the 2020 review of the Solvency II Directive, which is discussed in more detail in section 3.6.3 and section 7.3.5, as well as the introduction of the European Insurance Recovery and Resolution Directive (IRRD). On Solvency II and the IRRD a political agreement was reached in December 2023. The text of both directives is being finalised in the beginning of 2024, after which a final approval by the Council and the European Parliament is expected in April 2024. Similar to the Dutch Act on recovery & resolution of insurers (Dutch R&R Act) the IRRD aims to ensure that (re-)insurance companies that run into financial difficulties are better prepared to recover and limit losses for policyholders and beneficiaries. After the adoption and official publication of the IRRD, the Dutch R&R Act will need to be brought in line with the IRRD.

EU New Consumer Agenda

The European Commission intends to empower customers to play an active role in the sustainability transition, as well as the digital transition. The digital transition is rapidly changing customers' lives. By promoting measures for a greener, more digital and fairer single market, the aim is to boost trust among customers. In addition, there is an ongoing trend toward customers protection and resilience. For these reasons, the EC published the EU New Consumer Agenda. This Agenda aims to facilitate customers to benefit fully from the single market and to empower them to make informed decisions.

a.s.r.'s response

a.s.r. actively monitors regulatory developments in order to anticipate changes to the regulatory environment. Where appropriate, a.s.r. adapts its organisation accordingly, and identifies and seizes opportunities resulting from such changes. For example, significant efforts are undertaken to enhance a.s.r.'s sustainability risk management and sustainability reporting, including CSRD. a.s.r. is also strengthening its operational resilience and IT risk management in order to prepare the organisation for further digitisation.

a.s.r. supports the goals of the EU Consumer Agenda to empower European consumers to play an active role in the green and digital transitions and to increase customers protection and resilience. In addition to the EU Consumer Agenda, the European Commission's Digital Finance Strategy sets out general lines on how Europe can support the digital transformation of finance, while regulating its risks. Embracing digital finance would unleash European innovation and create opportunities to develop better financial products and services for customers.
EU Consumer Agenda and Digital Finance Strategy are therefore complementary and should reinforce each other. a.s.r. considers the goals of the EU Consumer Agenda and Digital Finance Strategy to be in line with its own strategy, including its sustainability strategy, in which

financial inclusion, financial self-reliance and financial well-being play an important role. Reference is made to section 2.5.3.

a.s.r. Is keeping a close look on further developments concerning anti-money laundering and ongoing financial reforms and will comply with subsequent legislation.

2.5.3 Environmental, social and governance

Changing labour market and fierce competition for talent

A combination of globalisation, economic growth and demographic trends, such as increasing greening and ageing, will further intensify labour market tightness in the coming years. In the Netherlands, vacancies have exceeded the number of available workers for some time. It is also increasingly difficult to recruit and retain qualified staff within the insurance sector.

Health and well-being

The National Institute for Public Health and the Environment (RIVM) expects healthcare costs to rise until 2060, by 2.8% per year on average. This is because people receive more intensive treatment for a longer period, and often with more expensive technology and medication. Another big challenge is a lack of exercise. In the Netherlands, half of the population does not meet exercise guidelines. People who do not exercise enough have a 20% to 30% higher risk of cancer, heart attacks, strokes or diabetes. The increasing ageing population of the Netherlands also plays a role, which may affect a.s.r. in its role as a health and disability insurer.

At the same time, there has been an increase in the number of young people suffering from burnout symptoms. A study by the Ministry of Social Affairs and Employment showed that the number of burnout complaints among young people in 2023 was the highest on record, leading to long-term absenteeism.

Employers increasingly recognise that employee wellbeing has a direct effect on employee performance and a company's success.

Inclusion and equal opportunities

Transparency on inclusion efforts is becoming increasingly important. Globally, companies openly communicate their statements, challenges and the progress with their goals and challenges. They are increasingly taking responsibility for ensuring an inclusive working environment, through the following initiatives:

- Using ways of communication to create a working environment where employees feel safe regardless of their sexual orientation, religious beliefs, cultural background, gender identity, age, personality and/or neuro-divergent characteristics;
- Including non-binary as a category in administrative and service delivery processes.

Increased financial problems under consumers

Increasing financial pressure is a growing problem for many households in the Netherlands. Rising inflation due to energy prices and daily expenses can lead to greater financial problems. This is no longer limited to low-income households, but affects middle-income households as well. Financial problems result in stress, which in turn can lead to absenteeism and incapacity for work.

Climate change and biodiversity

Climate change and biodiversity are two major topics for the insurance sector. Climate change has a potentially large impact on insurance and investments. Biodiversity loss can have financial and economic consequences for society, e.g. through the degradation of ecosystem services such as crop pollination and water purification. The World Economic Forum (WEF) has identified biodiversity loss as one of the key risks of the next decade. To halt biodiversity loss and achieve recovery, many new regulatory measures are being developed. Both at the European level (EU Biodiversity Strategy) and the international level (UN Montréal Biodiversity Convention), multi-year ambitions and targets have been formulated.

a.s.r.'s response

In a tight labour market, investing in talent development is crucial for a.s.r. 'Retention is the new recruitment': a.s.r. places a strong focus on employee retention, including the facilitation of training and development. In this way, employees increase their own sustainable employability, their value for a.s.r. and in the labour market.

To remain attractive and to differentiate itself from other employers, a.s.r. invests in creating a pleasant corporate culture and distinctive core values. Furthermore, a.s.r. supports employees in achieving an optimal work-life balance by offering flexible working hours, the possibility to work (partly) from home, many opportunities to combine work and (informal) care duties and facilitating special leave arrangements such as paid sabbaticals. a.s.r. also invests in creating a healthy working environment.

To keep healthcare costs insurable, it is important to focus on prevention. One of the ways in which a.s.r. realises its commitment to prevention is through the a.s.r. Vitality programme, in which participants are encouraged to exercise more because this contributes to their physical and mental health.

a.s.r. believes that mutual differences between employees make the organisation stronger and improve its performance. a.s.r. stands for equal career opportunities for all. a.s.r.'s Diversity, Equity and Inclusion policy (DEI) includes objectives on promoting (cultural) diversity in the composition of the workforce and equal pay for work of equal value.

Finally, a.s.r. invests in training and awareness programmes with the aim of reducing unconscious bias and promoting a positive, supportive working environment in which everyone's talents can flourish.

Financial self-reliance is an important issue for a.s.r. It is one of the pillars within the sustainability strategy. a.s.r. helps customers stay financially healthy by helping them to make conscious choices regarding finances. a.s.r. also has a social debt collection policy which includes a payment arrears protocol. This in order to prevent customers from sliding (further) into debt. In addition, financial help is provided to people in need through Doenkracht, a foundation that is committed to promote the social inclusion of different target groups including socially vulnerable individuals.

a.s.r. recognises its responsibilities in its role as an employer. Financial wellbeing plays a major role in employee vitality. a.s.r. offers employees various tools to ensure and enhance their financial wellbeing. One example is the Social Fund. This fund helps colleagues who find themselves in financial difficulty in several ways. It can help them to put their finances in order, or provide loans or donations to employees. In this way, a.s.r. helps to ensure that employees remain financially healthy, and therefore vital.

Climate and biodiversity are two key themes of a.s.r.'s sustainability strategy within the 'sustainable living' pillar. a.s.r. puts this into practice by setting clear goals, developing tools and reporting transparently on the progress and results of a.s.r.'s climate efforts. In late 2020, a.s.r. signed the Finance for Biodiversity Pledge, committing a.s.r., along with other financial institutions, to protect and restore biodiversity in its investment portfolio. In 2023, a.s.r. conducted an analysis of biodiversity and ecosystem impacts, dependencies, opportunities and risks. For more information on a.s.r.'s approach towards climate change and biodiversity, please refer to section 6.2.1 and section 6.2.2.

2.6 Stakeholders and material topics

a.s.r.'s purpose is to help its customers by sharing risks and accumulating capital for later. a.s.r. serves over 4.3 million customers through a network of approximately 6,000 advisors, and through online channels. These independent financial advisors advise their clients in the field of insurance, mortgages and pensions. Their specific knowledge of the local market and the personal financial situation of their clients, is valuable for a.s.r. and its customers. In creating sustainable value, it is essential to maintain an ongoing dialogue with stakeholders regarding trends, developments and the strategy and activities of a.s.r.

a.s.r. believes that through its business operations, it can contribute to solving societal issues within its sphere of influence, taking sustainable value as its starting point. a.s.r. wants to create as much of a positive impact as possible and to reduce its negative impact wherever it can. a.s.r. believes it is important to set an example, to help society to become more sustainable.

2.6.1 Key stakeholders

a.s.r.'s key stakeholder groups are customers, employees, investors and society.

Customers
Customers expect to obtain good value for the premiums they pay. They must be confident that their funds are being managed skilfully and in a socially responsible way, and that a.s.r. is protecting and upholding their rights. Customers

Delivering sustainable value for all stakeholders

Customers

Becoming the best insurer
- Products and services that meet needs of clients in a sustainable way
- Products and services with better than average market NPS
- Leveraging on strong franchise with intermediary channel

Employees

Creating a vital and future-proof workforce
- Reliable employer
- Focus on inclusion and diversity
- Sustainable employability and responsible remuneration

Investors

Being a responsible investor and informing the investor community
- Long-term value creation
- Strong track record in capital allocation
- Robust Solvency II position and ample financial flexibility
- Progressively growing annual dividend per share

Society

Operating as a trusted company
- Financial self-reliance and inclusiveness
- Vitality and sustainable employability
- Sustainable living

must be able to rely on a.s.r. being able to meet its financial obligations, now and in the future. a.s.r. is committed to delivering a high level of customer service in its product offering in order to sustain strong customer relationships. a.s.r. measures its customer satisfaction through the NPS. a.s.r. distributes most of its products and services through independent advisors. They have a broad knowledge of the insurance market, including of products, prices and providers, and an acute sense of the needs of insurance purchasers. Their specific knowledge and experience of local markets and customers is invaluable for a.s.r.

Among other things, to improve the overall service and customer participation, The Council of Doing (*Raad van Doen*) has been set up. The Council of Doing is the online customer and advisor panel for all a.s.r. brands. Through this panel, customers and intermediaries are involved in improving a.s.r.'s services. It functions as a panel for a.s.r.'s strategy, as a forum for co-creation, product development, representation of customer interests and as a sparring partner. Business units also use members of The Council of Doing to conduct customer research on customer expectations regarding sustainability aspects for specific insurance products and services. This can be done through questionnaires but also by organising a dialogue session with members. In 2023, a.s.r. continued the "*Wat doen kan doen*" news bulletin. During this bulletin, customers are invited to share their experiences with a.s.r.

Employees
Employees look for a professional working environment where they can manage themselves, make choices relating to their career, and enhance their sustainable employability. They want good terms of employment, work that is enjoyable, a good work-life balance, attention for their health and well-being, and an appreciation of the contribution they make. a.s.r. encourages and supports employees to develop themselves to enhance their opportunities on the internal and external labour market. They also want to be recognised for who they are and to feel included and at home. a.s.r. aims to achieve a balanced workforce in terms of gender, age, religious conviction, physical and mental capacity, background, and sexual orientation.

Investors
Investors rely on a.s.r.'s management to devise and successfully execute the best strategy in order to create long term value. a.s.r. does so with a continued focus on value over volume, maintaining a strong cost discipline, and only concluding M&A that tie in well with its strategy. a.s.r. also maintains a strong balance sheet and a robust Solvency II ratio with manageable sensitivities and ample financial flexibility. Investors are also increasingly interested in the impact of and the social relevance of the companies they invest in. It is important to them that a.s.r. represents the interests of all stakeholders in order to create long-term value and a good return on capital.

Society
As well as the aforementioned stakeholders, a.s.r. has a range of other stakeholders to take account of when doing business, such as civil society organisations, the government, tax and regulatory authorities, trade unions, the media, suppliers, academics, peers and business partners. Depending on the topic and type of relationship involved, expectations and interests may vary from responsible investments, regulatory compliance, helping people to become financially self-reliant, inclusiveness, and constructive cooperation with business partners in different contexts. Overall, these various stakeholders expect a.s.r. to create sustainable and responsible societal value.

Stakeholder consultation

Strategic, constructive and proactive consultation with stakeholders is very important to a.s.r. to properly align strategy, policy and activities with the expectations and interests of its stakeholders. The way a.s.r. communicates depends on the type of stakeholder, the topic and the purpose of the communication in question. The means used for this purpose range from personal contact to organising roadshows, customer and employee surveys and roundtable and dialogue sessions. Section 8.3 provides a complete overview of how a.s.r. communicates by stakeholder group.

An extensive stakeholder consultation process took place in the spring of 2023. The dialogue consisted of two sessions, one for employees and one for external stakeholders. The purpose of the stakeholder dialogue was to obtain reflection, insight and feedback from stakeholders on the plans, objectives and activities of a.s.r. in relation to the three themes of the sustainable enterprise strategic framework. More information on the outcomes of this is available in section 2.6.2.

A new stakeholder policy was also drawn up in 2023, establishing that the interests of external stakeholders will be taken into account in the determination and further development of the sustainability strategy. Link to asrnl.com.

2.6.2 Material topics

a.s.r. based its policies and targets for 2023 on the materiality analysis conducted in 2020. The determination of the material topics is based on consultation of the main stakeholders and on the definitions of materiality drawn up by the Global Reporting Initiative (GRI) and Integrated Reporting Council (IIRC). An analysis was conducted in early 2023 to validate the relevance of these topics for reporting year 2023.

The material topics are presented in the table below. The glossary includes a brief explanation of how a.s.r. has an impact on these topics, as well as their reciprocal impact on a.s.r. (based on the double materiality perspective). All material topics included are deemed relevant based on the results of the materiality analysis. The topics are therefore not prioritised.

The key performance indicators (KPIs), targets and results linked to the material topics are also shown with reference to the relevant Sustainable Development Goals (SDGs).

The 17 SDGs represent a global call to action to end poverty, protect the planet and improve political and economic stability globally. a.s.r. has identified six SDGs relating to its integrated business strategy, to which it contributes most as a sustainable and socially engaged insurer, investor and employer. SDGs 1, 3, 7, 8, 13 and 15 are the most closely connected to a.s.r.'s strategy. The Management Board (MB) and Supervisory Board (SB) are regularly informed of the progress being made on material topics, KPIs and targets.

Environmental material topics

Topic	KPI & Target	Result 2023	Relevance for a.s.r.'s stakeholders: Customers	Employees	Investors	Society	SDGs	Chapter reference
Developing and promoting sustainable products / services	Increase of the percentage of sustainable repair to vehicles and fire damage to property to 85% and 50% respectively, of all repairs in 2025	Vehicle: **74%** Fire: **38%**	✓				13 Climate action	2.6.3 3.1.1
	25% of new mortgage customers opt for a form of finance (such as the Verduurzamingshypotheek) to make their homes more sustainable	**31%**						
Mitigating and adapting to the consequences of climate change	Carbon footprint: 65% reduction of investment portfolio own account in 2030 compared to 2015	**69%** reduction	✓		✓	✓	7 Affordable and clean energy 13 Climate action	2.7 3.2
	€ 4.5 billion impact investments (for own account) by 2024	**4.0 billion**						
	Carbon footprint: 26% absolute reduction on Non-life insurance (business and private passenger car portfolio) in 2030 compared to 2022	**0.1%** reduction						
	Carbon footprint: 50% reduction of Utrecht head office in 2025 compared to 2018	**52%** reduction						
Biodiversity and ecosystem services	In signing the Biodiversity Pledge, a.s.r. has set itself the goal of making an active contribution to cooperation and sharing knowledge, engaging with companies, impact assessment, formulating objectives, and reporting publicly on this no later than 2024	**On target**				✓	15 Life on land	3.2 6.2

Social material topics

Topic	KPI & Target	Result 2023	Relevance for a.s.r.'s stakeholders: Customers	Employees	Investors	Society	SDGs	Chapter reference
Socially responsible investments	100% compliant with a.s.r. SRI policy	**100%**	✓		✓		13 Climate action	3.1, 3.2, 3.5
	€ 4.5 billion impact investments (for own account) by 2024	**€ 4.0 billion**						
Contributing to financial self-reliance	25,000 households supported with their current and / or future financial situation in 2025	**9,249**	✓			✓	1 No poverty	3.1, 3.2, 3.5
Supporting vitality	Number of a.s.r. Vitality subscribers: 128,000	**91,593**	✓	✓		✓	3 Good health and well-being	3.3
	Absenteeism rate: below 3.5%	**4.1%**						
	Nil absenteeism: >60% of total work force	**56%**						
	At least 25,000 customers participating in health programmes	**46,581**						
Contributing to (sustainable) employability	Number of a.s.r. Vitality subscribers: 128,000	**91,593**	✓	✓		✓	3 Good health and well-being; 8 Decent work and economic growth	3.3, 6.3
	Vacancies filled internally: at least 40%	**46%**						
Fostering diversity and inclusion	At least 33% of the Supervisory Board (SB), Management Board (MB) and management to be female or male (F/M)	SB: **43%** / **57%** MB: **50%** / **50%** Management: **29%** / **71%**		✓			8 Decent work and economic growth	6.3
	Number of employees employed through the Participation Desk: 70 in 2026	**53**						
	Top 25% in the Diversity and Inclusion module of Denison until 2024	**72th percentile**						
Meeting customer needs	NPS-r: > market average in the period 2022-2024	**< market average**	✓				-	2.7, 3.1

Governance material topics

Topic	KPI	Result 2023	Relevance for a.s.r.'s stakeholders: Customers	Employees	Investors	Society	SDGs	Chapter reference
Robust financial framework	Solvency II ratio	**176%**	✓		✓		8 DECENT WORK AND ECONOMIC GROWTH	2.7, 3.4, 3.6, 7.8
	Organic capital creation	**€ 938 milion**						
	Operating return on equity	**12.4%**						
	Dividend per share	**€ 2.89**						
	Rating S&P	**A**						

2.6.3 Contribution to the Sustainable Development Goals

a.s.r. has chosen to focus on six of the 17 Sustainable Development Goals (SDGs). These are the goals to which a.s.r. can realise the greatest impact for its stakeholders: customers, employees, investors and society.

a.s.r. believes it is important to contribute to the prevention and resolution of financial problems. a.s.r. does this by proactively offering a solution to customers with payment arrears, and by making an active contribution to their financial self-reliance. More information is available in section 3.1.2.

a.s.r. also supports people through Doenkracht, by teaching and providing support to help people with reading and arithmetic and by teaching people how to deal with money issues and keep their financial records in order.

a.s.r. offers health and disability insurance to everyone who lives and works in the Netherlands. It contributes to the development of new medicines through impact investments. a.s.r. also works to prevent illness, It does so by helping customers and employees improve their health and vitality, through a.s.r. Vitality and various health programmes relating to exercise, sports and sleep. In addition, a.s.r. contributes to the sustainable employability of employees of customers by guiding reintegration processes and by offering preventive services to avoid (long-term) sickness, such as the annual prevention check as part of the Absenteeism Relief Insurance (*Verzuim Ontzorg Verzekering*). a.s.r. holds approximately 36,000 absenteeism insurances in the provincial channel, of which 9,000 are SME Absenteeism Relief Insurance policies. The prevention check is conducted annually for existing and new clients. By 2023, approximately 9,000 prevention checks will have been performed for both existing and new customers.

a.s.r. Strives to make a positive contribution to the energy transition and combating climate change. It does so in various ways, for example through its impact investments, such as the purchase of wind farms in the Netherlands. It has also improved the sustainability of residential units in recent years, such as insulation and investments in on-site sustainable energy generation. In 2023, 2,367 solar panels were installed on existing homes, shops and offices. a.s.r. also invests in sustainable new housing.

As a mortgage lender, a.s.r. offers the sustainability mortgage as a standard product with an a.s.r. mortgage. This makes it easier for customers to make their homes more sustainable, since the mortgage is covered by a reduced interest rate. The money is available for two years and the customer does not have to pay interest on the unused portion. In 2023, 31% of new mortgage customers added a sustainable component to their mortgage to make their homes more sustainable.

8 DECENT WORK AND ECONOMIC GROWTH

As an employer, a.s.r. contributes to this goal and champions equal opportunities for all, regardless of gender, age, religious conviction, physical and mental capacity, background and sexual orientation. a.s.r. has the following targets with regard to diversity, equity and inclusion:

- Promoting diversity in the composition of the workforce through inflow and advancement;
- At least 33% of the Supervisory Board are female and at least 33% are male;
- At least 33% of the Executive Board are female and at least 33% are male;
- At least 33% of senior management are female and at least 33% are male;
- Participation of at least 70 people with limited labour market opportunities by 2026 through the Participation desk.

a.s.r. upholds the principle of equal pay for work of equal value. a.s.r. holds an annual statistical survey on equal pay. The aim of this survey is to ensure that it offers equal opportunities to women and men, devises relevant interventions and stimulates the influx and development of women in particular, to ensure an equal ratio between men and women at all organisational levels. To understand the development of cultural diversity, a.s.r. participates in the Cultural Diversity Barometer of Statistics Netherlands. Each year, a.s.r. also conducts the Denison scan. This scan highlights cultural aspects that influence the success of a.s.r. It also measures the perception and progress of equal opportunities for women and men in the Diversity and Inclusion module. a.s.r. aims to be among the top 25% of companies in this module and to maintain this position over the next year.

13 CLIMATE ACTION

The biggest impact on this goal is made through a.s.r.'s investments. a.s.r. has therefore included in its Socially Responsible Investment (SRI) policy criteria on the climate impact of the companies it invests in and has an exit strategy for its investments in fossil fuels. a.s.r. announced the goal of reducing the carbon emissions of its own investment portfolio by 65% by 2030 (compared with 2015). a.s.r. is a member of the Net Zero Asset Managers initiative, a global platform of asset managers committed to decarbonising their investment portfolios and hence contributing to the realisation of the Paris Climate Agreement.

a.s.r. also has an impact on this SDG through its P&C insurance. Insurance can be a powerful means of stimulating CO_2 reduction, making a positive contribution to the energy transition. Examples include stimulation of fossil fuel-free industry, promoting emission-free transport or green residential properties. Insurers can also help their customers to make more environmentally-aware choices by providing valuable information on reducing emissions, energy saving or the use of sustainable materials. a.s.r. joined the Net-Zero Insurance Alliance in 2022, in order to reduce CO_2 emissions in its insurance portfolio and becoming climate neutral by 2050. In 2023, a.s.r. adopted the intermediate objectives for the Non-life portfolio in 2030. More information about this can be found in section 3.1.1.

15 LIFE ON LAND

Biodiversity is a theme that is particularly relevant for a.s.r., both positively and negatively, within the investment portfolio. a.s.r. is a signatory to the Finance for Biodiversity Pledge and is also developing biodiversity policies and targets in line with TNFD to report on the positive and negative impact on global biodiversity targets linked to a.s.r.'s investments by 2024 at the latest. This report includes an initial analysis of the nature-related impacts, dependencies, risks and opportunities of the investments and of P&C. Please refer to the TNFD chapter.

2.7 Strategic targets

On 7 December 2021, a.s.r. held an Investor Update to inform the investor community on its strategy and also announced new targets for the 2022–2024 period. These targets were divided into financial targets and non-financial targets.

All targets were based on a.s.r. before the business combination with Aegon NL and the financial targets were based on IFRS 4. The business combination of a.s.r. and Aegon NL, together with the introduction of IFRS 17 and IFRS 9 reporting standards as of 2023, have an impact on the medium-term financial and non-financial targets. a.s.r. will present new medium term financial and non-financial targets for the new combination in during the Capital Markets Day in June 2024. For this reason, no update on the performance in relation to financial targets for the new combination is included in this Annual Report.

2.7.1 Financial targets

As part of the announcement of the business combination with Aegon NL on 27 October 2022, a.s.r. expects the Organic Capital Creation (OCC) to amount to approximately € 1.3 billion, three years after the closing of the business combination in early July 2023. The proposed 2023 dividend is in line with the ambition to offer shareholders mid-to-high single digit annual dividends per share until 2025. a.s.r.'s share buy-back programme was halted.

2.7.2 Non-financial targets

A key element in the strategy of a.s.r. is sustainable value creation for all stakeholders. The non-financial targets should contribute to a.s.r. being among the most sustainable insurers in Europe. The targets below apply to a.s.r. before the business combination with Aegon NL. Please refer to the Glossary for a detailed description of each of the non-financial targets. These figures were in scope of the reasonable assurance procedures of the external auditor.

NPS-r

(-100 to 100; m.a. = market average)

Customers are at the heart of a.s.r.'s purpose. Its strategy is designed to meet their needs. a.s.r. closely monitors customer and advisor satisfaction by continuously measuring feedback, through the Net Promoter Score (NPS-r). The NPS-r is an analysis of the customer relationship; this extends the methodology of the NPS-c, which only measured customer satisfaction during contact moments. Business lines continue to report on NPS-c. See chapter 4 for the NPS-c of the business lines. The NPS-r on a.s.r. group level is compared to the market average, where market average is equal to a score of 0. The target is to achieve a NPS-r higher than the market average at 2024 year-end. In 2023, a.s.r. improved the NPS-r more than the average score of the overall insurance market in the Netherlands, decreasing the gap between a.s.r. and the market average.

Carbon footprint reduction investment portfolio

(own account, in % compared to base year 2015)

a.s.r.'s target is to reduce the carbon footprint (scope 3) for investments for own account by 65% by 2030 (base year: 2015). As a.s.r. already met the target in 2022 and 2023, it contributes to the Paris Agreement for reducing global temperature increase to a maximum of 1.5°C. This target applies to a.s.r.'s investment portfolio for own account in Asset Management, Real estate and Mortgages. In 2023, a.s.r. already exceeded its target for 2030. The focus for the coming years is to integrate the Aegon NL investment portfolio and align it with the SRI policy of a.s.r.

Impact investments

(in € billion)

The cumulative target for Impact investments is to have at least € 4.5 billion of impact investments on the balance sheet by 2024. According to the Global Impact Investing Network (GIIN), impact investments are investments that seek to generate positive, measurable, social and/or environmental impacts in addition to financial returns. A definition of impact has been determined for every asset class and special attention is devoted to themes such as energy transition, health and environment. These definitions are included in section 8.1.

Employee engagement

(in percentile)

A high level of employee engagement is important for achieving the company's targets. With a target of at being at least in the 85^{th} percentile. a.s.r. wants to be an attractive employer. For next year, the focus is to distribute the Denison survey among the full workforce including Aegon NL. The percentage of employees that completed the scan and the engagement score is expected to decrease over 2024 as a result of the integration with Aegon NL.

Sustainable reputation

(in %)

a.s.r.'s sustainable reputation is crucial for its strategy and positioning. This indicator reflects a.s.r.'s sustainable reputation among the Dutch population. Sustainability, transparency, reliability and corporate social responsibility are the four key underlying topics for the indicator. The target is to attain at least 40% by 2024. In 2023, important steps were undertaken to improve the perception of sustainable reputation of a.s.r., such as the new marketing campaign Today, tomorrow and always. This is reflected in the improved sustainable reputation score.

Anouk / Simone:

‘We want to contribute to a vital labour market’

Nu, later en altijd.

a.s.r.’s raison d’être is to help people. Our mission is to help customers insure risks that they are unwilling or unable to bear themselves, and accumulate capital for later. a.s.r. helps with services and products that are not only good for now, but also for the long term, with future generations in mind. We make a difference by offering sustainable choices.

Interview eMood®

In order to gauge the welfare of its employees, a.s.r. has developed eMood® (Employee Mood Monitor), a short weekly survey presenting three statements about work satisfaction, vitality and productivity. The results of these vitality checks give both employees and managers pointers with which to conduct a dialogue. eMood® ties in with a growing need among employers to gain continuous insight into the well-being of their staff.

a.s.r. developed eMood® shortly after the outbreak of the Covid-19 pandemic as a way of staying abreast of the mood among its employees at a time when everyone was working from home.

Simple survey design

Simone Roos, HR Data & Digital manager at a.s.r., explains that eMood® goes further than simply measuring mood through the use of a smiley icon. 'The strength of the survey lies in its simple design. Every Tuesday, all our employees are presented with three short, varying statements. Examples include "After the weekend I'm sufficiently recharged and ready to tackle a new working week", "I'm proud of the work I do" and "I have the opportunity to take initiatives". Employees are asked to score these statements. By focusing on specific topics, we find out what we need to do to improve people's mood. It helps employees and managers to broach difficult or less obvious issues.'

eMood® is completed weekly by an average of around 2,400 employees, and provides key input for taking decisions at all layers of the organisation. Simone: 'Employees feel they're being listened to and can voice any concerns anonymously and bottom-up. HR uses the results to undertake centralised interventions, such as adjustments to HR policy and employee development initiatives. For example, we have drafted guidelines governing the relationship between working at home and at the office. This policy is evaluated by the results of an eMood® survey.'

When other organisations began to show an interest in eMood®, a.s.r. decided to offer the tool to customers. 'eMood® fits in with our ambition to increase the long-term deployability of employees within our organisation and that of customers. We take care of the entire process, from sending out the weekly pulse-checks and the data-processing to the distribution of the dashboards. The whole thing is fully automated, which means we can offer eMood® at low costs.'

Minimal effort

13 business customers now also use eMood®, among them Hienfeld Assuradeuren. 'Our CEO Bob Botter heard about eMood® and asked me to look into whether it might be something we could use, ' Anouk Roemelé, HR & Operations manager at Hienfeld, explains. 'To measure the job satisfaction of our employees, we sent out a periodic survey, and during lockdown I called colleagues personally to ask how they were doing.'

Anouk got in touch with Simone and was immediately enthusiastic about eMood®. 'Over half our personnel have been with Hienfeld for more than 20 years, but that doesn't mean everyone is equally happy here. Research shows that contented employees are more productive and motivated, which in turn leads to lower levels of staff turnover and less absenteeism. Due to its simplicity and the minimal effort it requires from people, eMood® is a great way of measuring how they are doing' says Anouk.

Anonymity

Anouk presented the eMood® to the Hienfeld Executive Board; she then notified all staff that it was being introduced and dropped in on each department to give an explanation. 'Some people asked whether their answers would be anonymous. Happily, we were able to reassure them that their anonymity is guaranteed.'

The results are published weekly on the Hienfeld intranet, and Anouk discusses them at the monthly management team meeting. She's happy with both the overall response and the results themselves. 'Since we began using eMood® in January 2023, the response rate has been over 50% and the score is consistently above 7. Only during the final week before the summer we fell below that with a score of 6.9. Clearly, everyone was more than ready for a holiday.'

Hienfeld is enthusiastic about the success of eMood®, although Anouk has a couple of wishes. 'To derive real added value, it would be good to be able to benchmark ourselves against other companies. And it would be great if we could add some of our own statements to gauge what our employees think about issues that are current within our organisation.' Both of these wishes are being worked on, confirms Simone. 'It's good to hear what customers need.'

Predicting absenteeism

As a market leader in income protection, a.s.r. is taking steps to prevent sickness absence in order to improve the health and long-term employability of employees. With over a million replies, eMood® generates key information with which future sickness absence can be forecast. 'The answers to a statement like "Once I've finished my working day, I've still got enough energy to engage in other activities" have a high predictive value, as has a sudden change in responses and more extreme scores,' Simone explains.

Over the next few years, eMood® will be further refined to encourage prevention of absenteeism and good employership. Simone: 'We want to be an important player in the sphere of sustainable employability and hence contribute to a vital labour market.'

How a.s.r. operates

3

3.1 Becoming the best insurer

a.s.r. aims to be a trustworthy partner for its customers and business relations. With the digitisation of customer contacts and business processes, it aims for efficient operations in combination with an optimal customer experience. a.s.r. has taken further steps to minimise the number of complaints it receives. The IT strategy enables a.s.r. to execute their current strategies, in terms of both new business opportunities and operational excellence.

3.1.1 Sustainable products and services

a.s.r. is committed to achieving a positive contribution to a more sustainable society by working to create solutions and playing a leading role in the financial sector. a.s.r. does so through its investments and by striving to develop sustainable products and services, to aid the transition to an inclusive sustainable society and to minimise negative impacts. a.s.r. develops products and services that help to resolve societal problems focusing on its three strategic sustainability themes as introduced in section 2.1.

Sustainable insurance

a.s.r. strives to achieve positive impact and minimize its negative impact as much as possible with its insurance products and services. a.s.r.'s Sustainable Insurance policy sets out how environmental, social and governance (ESG) aspects are integrated into its insurance processes, such as underwriting, pricing, working processes and product development. The Sustainable Insurance Policy applies to all business units of a.s.r. that offer insurance products and services.

In 2023, a.s.r. published interim net zero targets for 2030 for its non-life insurance portfolio. These targets are part of the commitment of a.s.r. to make its entire insurance portfolio emission neutral by 2050.

One of the targets is a 26 percent absolute reduction of the business and private passenger car portfolio combined in a.s.r. Non-life. In 2023, a slight decrease was realised compared to the base year 2022, despite an increase in premiums received.

Insurance related emissions

	2023					2022
	Total		Provincial	Mandated agents	Direct channel	Total
	Reduction in %[1]	tCO$_2$				tCO$_2$
Private passenger	2.4	116,796	27,794	83,194	5,809	119,663
Business	-5.8	49,783	27,966	21,818	-	47,060
Total	0.1	166,579	55,760	105,012	5,809	166.723

1 % reduction compared to baseline year 2022. For more details about the target on insurance related emissions, refer to 8.1 About this report.

Product Approval & Review Process

The Product Approval & Review Process (PARP) assesses the quality of products and services and their relevance for customers. In the PARP, Risk Management, Legal Affairs, Compliance and the Actuarial Function (AF) each assess all product-related financial and non-financial risks for a.s.r. The PARP ensures that a newly developed or improved product is reviewed before it is offered. It encourages continual improvement based on feedback from customers and advisors, social developments, and current circumstances, such as the impact of economic conditions and changes in legislation and regulations. The PARP applies to products that a.s.r. actively offers, as well as to inactive products and services that are regularly revised. In 2023, the PARP Committee assessed 12 product adjustments (2022: 9) and 18 reviews (2022: 14) of existing products. The PARP regulation prescribes that active products are reviewed at least every three years and inactive products are reviewed at least every five years.

In accordance with the assessment framework of the Dutch Authority of the Financial Markets (*Autoriteit Financiële Markten;* AFM) and in line with legislation and regulations, a.s.r. set up the PARP tests based on interests of customers and society, which relate to matters including cost efficiency, usability, safety, transparency, and several criteria related to sustainability.

In 2023, a.s.r. received feedback from the AFM on three files that have resulted in supervisory measures being taken. Two cases involved informal measures. The third file relates to an AFM investigation at several institutions into the product review process. Here, the AFM concluded that a.s.r. should substantiate certain aspects more extensively during this process. Required action has been taken.

Interests of customers

Products and services are checked against the following criteria:

- Cost-effectiveness: an insurance product is cost-efficient if it is perceived by the designated target group as having a good price-quality ratio;
- Usefulness: a useful insurance product is one that meets the needs of the designated target group in an appropriate way;
- Safety: an insurance product is safe if it delivers what it promises and the possible outcomes are acceptable to the designated target group;
- Comprehensibility: a comprehensible insurance product is one whose quality and suitability can be adequately assessed by the intended target group;
- Ethical data use: the product is assessed against the Ethical Framework for data-driven applications, which is developed in collaboration with the Dutch Association of Insurers (*Verbond van Verzekeraars*).

Interests of society

Products and services are assessed on their positive and/or negative impact on society, including the following criteria:

- Environmental, social and employment aspects;
- Respect for human rights;
- Combatting bribery and corruption.

The PARP board can also ask further questions concerning identified sustainability factors, and these answers are factored into underwriting decisions.

Underwriting

The Sustainable Insurance Policy provides guidance for an ESG risk inventory when accepting new business customers and drawing up new contracts. The aim is to be able to adequately decide whether or not to accept the customer. The ESG risk inventory is an addition to a.s.r.'s Customer Due Diligence policy. ESG risks pop-up when prospects are on the exclusion list of a.s.r. asset management or operate in sensitive sectors including gambling, armaments, tobacco, fossil fuel, and exploitation of animals. In the event of an ESG risk, the sales representative or underwriter will escalate the risk inventory to the Underwriting Team, which can then decide whether to refuse a customer on the basis of ESG risks or accept them under certain conditions. In 2023, this was done five times, resulting in one contract not being extended (2022: 3).

The Sustainable Insurance Policy was updated in 2023. A distinction is made between the provision of Life and Non-life cover. In the case of Non-life cover, where there is a direct contribution to the facilitation of economic activities, producers of thermal coal and unconventional oil and gas products are not accepted as customers by a.s.r. Non-life customers linked to the fossil fuel industry must be able to demonstrate that they have a transition plan in line with the goals of the Paris Agreement. For Non-life clients who operate within the fossil (fuel) industry, there is still an ESG risk consideration to be made.

Throughout the contract period, a.s.r. checks periodically if the customer still matches the risk profile and that the pattern of transactions is in line with expectations. Alongside these checks, a.s.r. regularly discusses with

Dilemma: Should a.s.r. insure employees of companies it does not invest in?

a.s.r. invests customers' contributions in accordance with a.s.r.'s Socially Responsible Investment (SRI) policy. This means not investing in countries and companies that do not meet a.s.r.'s ESG (sustainability) criteria. Companies active in weapons, the tobacco industry, gambling, the production of unconventional fuels (such as thermal coal) and companies that violate human rights and/or provide poor working conditions are excluded.

That a.s.r. does not invest in these sectors is only logical given its sustainable ambitions. A resulting dilemma is: should a.s.r. still offer pension insurance to employees working at companies that are excluded as far as a.s.r.'s investments are concerned?

Several considerations are relevant in this context. For example, as an investor, a.s.r. wants to make sustainable impact by not facilitating the economic activities of certain sectors. But companies in the tobacco industry for example, are also keen to offer their staff a good pension scheme so that they can be assured of a good income. They have worked hard for decades in an industry that was previously considered as a normal industry and was socially accepted.

Before offering any company a pension scheme, a.s.r. reviews its business activities to see if they comply with a.s.r.'s Sustainable Insurance policy. If the company complies with this policy but there is a potential ESG risk, the situation will be assessed on an individual basis. There is a moral distinction between facilitating (unsustainable) business activities and insuring the employees of that company. Also relevant in such assessments is whether companies are in the process of adjusting their operations by, for example, having a transition plan that includes producing cleaner products. Consider, for example, the transition in the fossil fuel industry to cleaner fuels, or the green production of steel in the future. Supporting these transitions helps the transition to a cleaner world.

Such dilemmas are considered from different angles to promote ethically self-aware and morally verifiable actions and provide perspectives for action for the market. During the entire process, a.s.r. ensures that the potential client meets its internal CDD policy and all applicable CDD regulations.

Products and services with sustainable features

Financial self-reliance and inclusiveness

- ***Ik denk vooruit:*** An online tool for customers and non-customers that provides insight into their long-term financial situation and helps people making carefully considered financial choices.
- ***Startershypotheek:*** New entrants to the residential market are given a longer repayment term to make their housing costs more affordable.
- **Funeral insurance for people covered by power of attorney (e.g. individuals with a mental incapacity):** Cover can be organised without unnecessary obstacles and queries relating to health.

Vitality and sustainable employability

- **a.s.r. Vitality:** A wellbeing programme that encourages customers to make healthier choices.
- ***Doorgaanverzekering*:** An occupational disability insurance with supplementary health cover that gives employers and the self-employed prevention tools to boost sustainable employability of employees and prevent extended absenteeism.
- ***De langer mee AOV*:** An occupational disability policy for self-employed people with physically demanding jobs which includes extra services such as coaching interviews and personal health checks.

Sustainable living

- **Sustainable and circular repairs:** Customers can have damage repaired sustainably by a network of certificated repair companies. If repair is not possible, items can be handed in and replaced by a refurbished or pre-owned equivalent.
- ***Verduurzamingshypotheek:*** Mortgage customers can take out a loan at an extra-low rate of interest to make their homes more sustainable.
- **Sustainable buildings and contents insurance:** As part of its home and contents insurance, a.s.r. covers solar panels, heat pumps and electric charging points, and offers an option to make buildings more sustainable following damage.

customers sustainability in general and ways to limit ESG risks in particular, e.g. in the Council of Doing.

As well as discussions with customers, a.s.r. organises knowledge sessions for both intermediaries and underwriters. These sessions are designed to transfer knowledge and raise awareness concerning ESG risks, substantive insurance-related topics, dilemmas, high impact cases and societal developments. In 2023, 11 sessions were organised for intermediaries (2022: 5) and two sessions for underwriters (2022: 2).

In the underwriting process, a.s.r. also encounters potential customers who can have a positive impact on sustainability. A Sustainability Desk has been installed to which advisors can address questions about new sustainable initiatives and whether they are insurable with a.s.r. This route ensures that such new sustainable initiatives are discussed and assessed for their insurability. By gaining as much knowledge as possible about risks, a.s.r. wants to make new sustainable initiatives insurable.

Pricing

Within the framework of its regular pricing policy, a.s.r. focuses on making and keeping sustainability risks insurable and affordable. Sustainability risks, such as those relating to climate change, are explicitly made part of the pricing process. In the risk analysis for the pricing of non-life products, for example, the impact of extreme weather on the cost of claims in the past, present and future is factored in.

Working processes

a.s.r. integrates sustainability into its operations. For example, inspections are conducted online wherever possible and the volume of printed mail is kept to a minimum. For data-driven applications, use is made of an ethical framework which is adopted in the form of binding self-regulation devised by the Dutch Association of Insurers. The aim is to ensure that data-intensive processes, products, services and applications which affect the customer take account of ethical criteria such as the customer's autonomy and privacy, the prevention of exclusion and discrimination and the incentivisation and monitoring of the insurability of vulnerable groups or socially relevant activities in society.

3.1.2 Prevention of payment problems

a.s.r. makes considerable efforts to ensure that its customers are financially self-reliant. a.s.r. aims to minimise the number of customer cancellations caused by payment arrears and problems. It works to prevent situations in which customers face cost-increasing measures and to avoid default.

Through the memberships and coalitions mentioned hereafter, a.s.r. shares experience and learns from the experiences of companies in other sectors. This leads to better coordination of customer processes and enables a.s.r. to provide a better customer service.

In 2021, a.s.r. implemented the Protocol on payment arrears (*Protocol bij betalingsachterstanden*) of the Dutch Association of Insurers. A working group shares relevant market information and business practices.

For some years now, a.s.r. has been part of the Creditors' Coalition (*Schuldeiserscoalitie*), which works proactively to find solutions for customers with payment arrears.

In 2022 a.s.r. became a member of the Dutch Debt Relief Route (*Nederlandse Schuldhulproute*; NSR). NSR provides debt assistance through various activities. One of these is *Geldfit*, a national initiative focusing on effective referral to other financial support organisations at local level. Customers gain insight into their financial situation through a simple online test. This anonymous test offers them targeted help in getting or keeping their finances in order.

In order to give customers as much help as possible in preventing or resolving their repayment problems, employees are trained to recognise the financial problems being experienced by customers and to refer them on for advice. Last year, such training courses were attended by the customer teams in Health and Individual life. They have also previously been given to the customer teams in Disability and Mortgages. a.s.r. keeps a close eye on the customer's financial situation.

3.1.3 Complaints management

Within a.s.r., a dedicated complaints management team monitors the implementation of the a.s.r. complaints policy and oversees the complaints procedure. The actual handling of complaints is centralised within the organisation. The key principles of complaints management are:

- a.s.r. is open to complaints and facilitates customers to submit a complaint;
- a.s.r. communicates its view and the proposed solution for the complaint in a comprehensible and transparent manner;
- a.s.r. aims to learn and improve from complaints.

a.s.r. regards the handling of complaints as a matter requiring specific knowledge and skills. Complaints handlers keep their knowledge up-to-date through continuous education, for instance by following training courses in the field of customer service. Customers assign the a.s.r. complaints handlers an average score of 8.1 out of 10 (2022: 8.4).

A Unifying Communications training course was developed together with an external trainer. In this training course, complaints handlers learn the skills for making more in-depth contacts with customers. This increases the chances of strengthening the relationship with customers and of customer calls leading to win-win outcomes, with both customers and complaints handlers themselves feeling that they have been heard and understood.

Complaints upheld/rejected

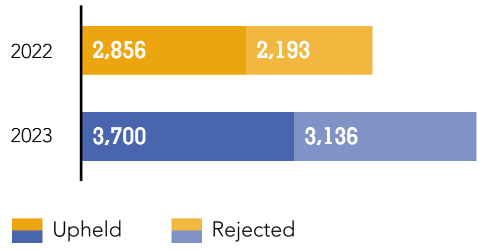
The complaints management team decides whether complaints will be upheld or rejected. The 'four-eyes' principle is applied for every complaint. The first employee checks the position to be taken with a second employee, in order to avoid subjectivity. The same employee never handles the same case twice.

The figure below shows the number of complaints upheld and rejected. a.s.r. divides complaints into three categories:

- Upheld complaints; partially or fully justified complaints;
- Unjustified complaints: complaints qualified as unjustified by a.s.r.;
- Unfounded complaints; complaints that are not intended for a.s.r.

Complaints settled

(in numbers)

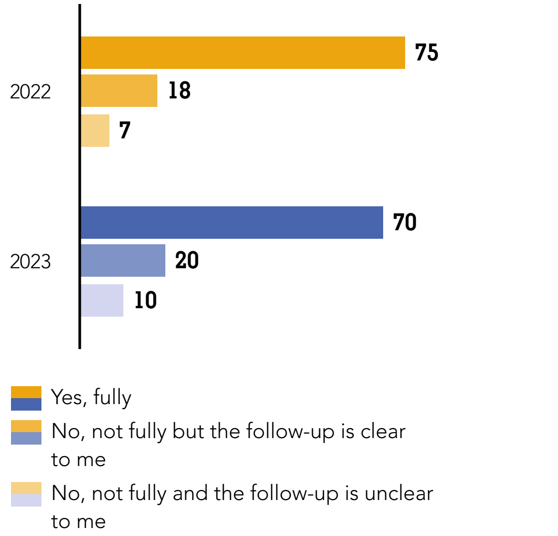


Service and performance complaints

Under the premise 'What doing can do,' in 2022 a.s.r. launched a campaign to reduce the number of service and performance complaints. Service and performance complaints are complaints that arise during the contact phase with the customer service. At the start of the campaign, the share of these service and performance complaints was 65% of the total complaints. a.s.r. started working on determining the causes of the service and performance complaints and deployed four improvement initiatives for this. In addition, all employees were requested to contribute ideas on better compliance with agreements. In the first instance, the number of complaints decreased as a result of the campaign. The total number of complaints increased again in 2023 due to an unexpectedly high increase of customers in health, in combination with the indexation of the funeral fees. The percentage of service and performance complaints remained at the former levels.

Complaints handled, in customer's perception

(in %)



Customer reply on the question: "Do you feel the complaint has been resolved?"

Average score complaint handling (1-10)

8.1

3.1.4 IT and the digital strategy

Innovation and Digital

Since 2020, a.s.r. has been implementing a digital strategy aimed at substantially improving the customer experience, the realisation of its digital ambition and on increasing its innovative strength. The bundling of IT, data and digital talent in a single organisation will lead to mutual reinforcement of expertise and a.s.r. plans to accelerate development in the field of data science and further realise its digital ambitions.

A major achievement in 2023 was to give customers from all business lines access to '*Mijn a.s.r.*'. For advisors, a new

a.s.r. engages with customers following feedback

Across the organisation, colleagues are working to further improve the customer experience. They learn from the feedback customers provide after a moment of contact, or after asking how the customer experiences its relationship with a.s.r.: the NPS-r.

Following a pilot, where customers who had given negative feedback were called back, great results have been booked in 2023. By engaging with customers and listening to what they experienced, more than half of these customers were demonstrably more positive about a.s.r.

Because of these insights, all business lines have committed to, start calling back customers who give negative feedback from 2024 onwards. The improvement opportunities this provides, are another step closer to becoming the best financial services provider in the Netherlands for customers and advisors.

digital cloud-based platform has been launched. At the end of 2023, a.s.r. has launched its app for customers. To improve customer care, a.s.r. is connecting all its customers to a Customer Relationship Management system which gives employees a better understanding of the customer. By introducing features to classify and summarise calls, to support voice routing and to identify customers before they reach the call agent, a.s.r. is able to enhance customer satisfaction and efficiency.

In 2023, 56% of a.s.r. customers were digitised customers. The ambition is to achieve a customer digitisation level of 70% by the end of 2024, including Aegon NL. With a lower digitisation level at Aegon NL, it seems a challenging target. During the conversion, a.s.r. will pay extra attention to the enhancement of the digitisation level of its customers.

Artificial Intelligence (AI) creates new opportunities for insurers and will impact many aspects of the business operations. The different forms of AI, such as voice, text and pattern recognition, offer added value to a.s.r. For example, Health conducted a pilot project with Large Language Models in 2023 in order to record and analyse calls from customers. AI offers enormous opportunities, but a.s.r. is aware that it also entails new risks and ensures that it deals responsibly with the use of data. a.s.r. embraces the ethical framework developed by the Dutch Association of Insurers for ethical, self-aware and customer-oriented handling of customer data and to promote AI.

In recent years, the deployment of Robotic Process Automation (RPA) has grown considerably within a.s.r. As a result, employees have more time to focus on complex and challenging work. The arrival of 'smart robots' further increases the possibilities. An example is the deployment of the smart robot Jade in the Non-life domain, to accelerate handling of claims. Jade classifies reports and passes them on to the right team for the further handling of the claim.

Focus on IT security

Improvement of cyber resilience remains a continual focus point, both through investments in protection, detection and response systems and employees and also through security awareness initiatives. Cyber security is on the MB and SB agenda. There were no significant cyber security incidents involving a.s.r. systems in 2023.

In almost all security incidents, social engineering provides the entry point for cybercriminals. Therefore, a.s.r. invests considerable effort in training employees to recognise possible threats, e.g. with a.s.r.'s automated phishing simulation platform.

The preparations for the Digital Operational Resilience Act (DORA) are ongoing, in order to ensure that a.s.r. will comply with the DORA by the end of 2024.

a.s.r. has a Chief Information Security Officer (CISO) who reports to the CEO, via the Director Group Risk Management. As the secretary of the Non-Financial Risk Committee, the CISO also reports directly to the COO/CTO who is the Chair of this Committee.

a.s.r. has received an ISAE 3000 type II statement for the service commission of the central IT department to the various business segments for 2023.

Integration of Aegon NL

a.s.r.'s IT strategy enables the business units to execute their strategies, in terms of both new business opportunities and operational excellence. The investments in operational efficiency of recent years will repay themselves in the approach to the integration of Aegon NL. IT makes a substantial contribution to the synergy through a tried and tested data migration approach to the target environment, after which most of the Aegon IT systems can be decommissioned. In the target state, this will ultimately save about 80% of the Aegon NL IT costs. Because the last migrations will not take place until 2026, this synergy will be realised in stages. Furthermore, direct migration from the Aegon Group environment to the a.s.r. target environment will avoid the need to invest in temporary solutions and purchase temporary infrastructure.

By the end of 2023, the new platform for Pensions DC was almost finalised. The platform is already live for new business and the migration from the current DC platform will be completed early 2024. Efficiency gains are also expected from the replacement of the individual disability systems. Both projects are also prerequisites for the decommissioning of the mainframe platform.

Digitised customers (in%)

56

3.2 Being a responsible investor

Compliance with SRI policy (in%)

100

3.2.1 Asset management

a.s.r. believes that businesses that are committed to sustainability, equality and diversity will deliver more value for all stakeholders, both in economic and in social terms. Hence, socially responsible investing is essential for a.s.r.

In 2023, a.s.r. has undertaken further steps regarding the implementation of its Socially Responsible Investment (SRI) policy. Activities include screening, engagement, voting at Annual General Meetings (AGMs), and filing shareholders resolutions, participating in working groups, publishing statements, and collaborating with other parties such as non-governmental organisations (NGOs), clients, and other investors. Simultaneously, significant efforts are undertaken to implement the SRI policy on the existing Aegon NL portfolio. The following sections provide a more detailed overview of a.s.r.'s responsible investment activities in 2023.

Investments in line with SRI policy

a.s.r. safeguards full compliance with its SRI policy using a three-step process: internal teams' implementation (investment departments), compliance process (risk department) and an independent external assurance by Forum Ethibel. a.s.r. adheres to this target with respect to acquisitions and mergers.

Excluded companies

(in numbers)

Screened companies excluded by topic

(in numbers)	2023	2022
Global Compact[1]	17	15
Armaments	110	90
Tobacco	23	19
Gambling	76	75
Coal-mining	78	39
Coal-fired electricity generation	66	54
Nuclear energy-related activities	19	14
Unconventional oil and gas	64	58
Total number of exclusions[2]	**453**	**364**

1 Global Compact includes Human rights violations, Labour rights violations, and Environmental violations.

2 Includes double counts due to the fact that some companies are excluded on more than one criteria.

Sustainable and responsible investing

The integration of ESG criteria in the management of investments contributes directly to the reduction of risks (both financial and reputational) and has a positive effect on long-term performance. The SRI policy has been integrated into internal investment practice through:

- Positive selection as part of a.s.r.'s investment process for companies and countries based on the SRI policy, practices and products. Companies are classified using a relative, sector-based ranking for ESG themes. These themes include environment, labour practices, governance, human rights, and CO_2 data;
- A strict exclusion policy for controversial activities which applies to all internally managed portfolios, both for own account and for third parties. In 2023, a.s.r. has excluded 435 companies. With regard to investments in sovereign debt, a.s.r. has excluded 81 countries that are poor performers in the annual Freedom in the World report, or which achieve a low ranking on the Corruption Perceptions Index or the Environmental SDGs;
- Engagement activities, exercising voting rights, and a.s.r.'s targets relating to impact investments and the carbon footprint reduction of the a.s.r. investment portfolio.

Climate change and energy transition

In 2016, a.s.r. integrated climate change and energy transition into its Strategic Asset Allocation (SAA) as an explicit theme, and has since undertaken measures to implement this across the investment portfolio. a.s.r. has analysed and identified risks for the investment portfolio in its SAA, both bottom-up – covering the consideration of stranded assets and changing business models in the mining and energy sectors – and top-down. In 2023, a.s.r. again incorporated climate scenarios into the SAA. These scenarios served as input for the reporting on climate risks and opportunities, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD); see section 6.2.1 and a.s.r.'s Climate and Biodiversity Report for more details.

Fossil fuel investments strategy

a.s.r.'s exit and phase-out strategy for fossil fuel investments was announced in 2021. The strategy has three distinct phases. The first phase was implemented in 2021, resulting in an immediate zero tolerance for companies deriving revenues from the mining and production of thermal coal. The strategy also includes an exclusion threshold for companies deriving more than 5% of their revenue from unconventional oil and gas. This phase was fully implemented at the beginning of 2022.

Phase two began in 2022 and covers all conventional oil and gas companies in the portfolio. a.s.r. started an intensive engagement process with these companies, including regular assessment and monitoring of the extent to which they operate in line with the Paris Agreement goals. This is done using a combination of tools to assess companies' climate targets, carbon emissions and reductions, and their current climate strategy. Last year, a.s.r. joined the Dutch Climate Coalition, a group of Dutch asset managers with similar fossil fuel strategy objectives. a.s.r. attends and organises regular meetings with all oil and gas companies in its portfolio to monitor their climate actions and targets. An overview of a.s.r.'s efforts can be found in the quarterly ESG reports, see www.asrnl.com.

Phase three is the final part of a.s.r.'s strategy, which began in 2023. During this phase, a.s.r. focuses on the demand side of fossil fuels, more specifically on larger customers of fossil fuels which show a relatively poor carbon performance and on companies that potentially play an important role in the transition to a low carbon society. a.s.r. has identified 15 of these companies in its portfolio, and over a period of more than four years a.s.r. will engage with these companies to encourage them to implement Paris-aligned targets.

Impact investments

In 2023, a.s.r. further increased its impact investments in all asset classes. a.s.r. made a start on the development of an impact framework to assess and monitor the actual impact of the impact investments. See section 2.7.2 for a.s.r.'s performance on the current target on impact investments.

Engagements

Engagement is a broad concept and includes a range of very different actions, topics and objectives. a.s.r. believes that engagement is key for a responsible investor, by using its influence towards change in companies and countries. In 2023, a.s.r. undertook 564 engagements on numerous topics.

A full list of companies engaged with and their status, including the objectives and status of the engagement, can be found at www.asrnl.com.

Health Engagement Alliance

As a health insurance provider, a.s.r. believes it is important to contribute to a healthier society. This is why, together with other investors, a.s.r. assessed on which health issues in its investment portfolio it had a potential positive impact. The food sector, and in particular fast food and take-away, is a sector where a lot of progress can be made. a.s.r. has selected companies in its portfolio to start engagement processes with, focusing on issues such as responsible marketing, healthy product claims, comprehensive nutritional information, and reporting on health targets.

Other engagements

a.s.r. engages with companies that have shown controversial behaviour (e.g. UNGC violations) or are facing ESG-related risks. Examples of engagements carried out by a.s.r. include meetings with PepsiCo to discuss satellite-based deforestation reports, numerous companies engaged through the Platform Living Wage for Financials (PLWF), and a collaborative engagement with Total Energies regarding the exploration of the EACOP project in Tanzania and Uganda.

Voting

A shareholder's right to vote is essential for the proper functioning of a corporate governance system. a.s.r. exercises this right. Its voting policy is developed in accordance with the Dutch Corporate Governance Code and a.s.r.'s own SRI policy. This policy is applicable to all internally managed listed equities. a.s.r. voted at 96.5% of the annual meetings.

Environmental analysis

Environmental shareholders resolutions included water risk exposure, plastics pollution and climate lobbying. The most common resolution was the implementation of carbon footprint reduction targets. Others included the implementation of a transition plan, reporting on climate risks, phasing out of oil and gas production, and the development of a climate lobbying policy.

Social analysis

Social shareholders resolutions relate to equality, such as the demand for a report on the effectiveness of diversity, equity and inclusion efforts and the publication of a racial equity audit. Other social resolutions included remuneration, with shareholders asking for disclosure of CEO pay relative to median employee pay, disclosure of gender and racial pay gaps, and paid sick leave for all employees. There is also increased focus on board skills and board diversity. All resolutions filed regarding 'Reporting on Just Transition' were voted for.

Votes against management per topic

(in %)	2023	2022
Director related	44	47
Audit	2	0
Capitalisation	7	6
ESG Environment	4	3
ESG Social	6	5
ESG Governance	2	3
Other	7	6
Remuneration	24	23
Shareholders rights	4	6

Governance analysis

In 2023, the most common governance-related topic related to lobbying and political spending. These shareholders resolutions generally aim to make the company disclose its lobbying payments and political spending. In most cases, a.s.r. votes in favour of these resolutions, except when a.s.r. believes that a company is already transparent enough. Other common resolutions included shareholder voting and the requirement for an independent Chairman of the board.

Other initiatives

In March 2023, a.s.r. signed a collective statement against the use of plastics. Companies in the fast mover consumer goods and retail sector are asked to make additional efforts to reduce their reliance on plastics. a.s.r. is currently investigating the possibility of starting collective engagements with other signatories.

a.s.r. is one of the founding participants of the Nature Action 100, an international initiative with the ambition to address nature loss and biodiversity decline from an investor perspective. In September 2023, Nature Action 100 published a list of 100 companies in key sectors in which institutional investor participants will engage. The investors taking part in Nature Action 100 have kicked off the initiative's engagement phase by sending letters to the 100 companies, calling for urgent and necessary actions to protect and restore nature and ecosystems and thereby mitigating financial risk.

a.s.r. is also a signatory to the Finance for Biodiversity Pledge, a commitment to protect and restore biodiversity in the investment portfolio. To understand the impact of its investment portfolio on biodiversity, a.s.r. took part in sector initiatives such as the Partnership for Biodiversity Accounting Financials (PBAF) and the biodiversity working group of the Dutch Central Bank's Platform for Sustainable Financing. a.s.r. also tested the MSCI world for the biodiversity impact according to the Biodiversity Footprint for Financial Institutions (BFFI). In preparation for the TNFD, a.s.r. gained a better understanding of different methodologies for measuring the biodiversity impacts of its investments portfolio, and created an internal tool. This tool enables a.s.r. to perform an initial inventory of the biodiversity impact of its investment portfolio. See sectiion 6.2.2.

a.s.r. launched a financial sector statement to call on Member States to accelerate implementation of the World Health Organisation Framework Convention on Tobacco (WHO FCTC). The goal is to raise awareness concerning the multifaceted benefits of tobacco control, spanning not only health and environmental concerns, but also the significant negative economic impact of tobacco-related issues.

3.2.2 Real estate

As a real estate investor, a.s.r. recognises its responsibility in contributing towards liveable and sustainable buildings, towns, cities and communities. By investing in appropriate and sustainable real estate, a.s.r. aims to make a positive impact on the built environment, for current and future generations. In 2023, a.s.r. refined its real estate ESG vision and came up with four strategic themes:

- Reduce energy intensity & greenhouse gas (GHG) emissions;
- Adapt to climate change & related risks;
- Regenerate biodiversity & ecosystems;
- Improve well-being & social equality.

These themes have been translated into ambitions. The various objectives are reviewed annually for their contribution to the long-term strategy and tightened where necessary.

Reduce energy intensity & GHG emissions

a.s.r. committed to a GHG neutral real estate portfolio in 2045 and is decarbonising its portfolio to reach this goal. To meet it, a.s.r. has drawn up a Paris-Proof roadmap for each asset type, using Carbon Risk Real Estate Monitor (CRREM) pathways. These pathways were developed by the EU to help investors in real estate measure their exposure to emission-related risks. The Paris-Proof roadmaps are based on the current energy intensity and reduction measures at the level of individual assets.

a.s.r. invested in a new software platform for ESG data, enabling the Funds to use a highly visual online dashboard. This has led to improved insights at the level of both the portfolio and individual assets, allowing the Funds to increase their focus on properties with higher energy intensity levels and leading to a cost-efficient reduction path.

In the coming years, a.s.r. real estate will continue to execute asset-level reduction strategies and refine the Paris-Proof roadmaps with annual consumption data, lessons learned and evolving insights.

Renewable energy
a.s.r. owns four wind farms and one solar park. As a result, a.s.r. owns 48 wind farm turbines and 60,000 solar panels with a combined capacity of 205 megawatts, and generates power equivalent to the annual consumption of 218,000 households per year. In 2023, a.s.r. installed 2,367 solar panels on roofs of its own real estate objects, bringing the current total to 22,940. In this way, a.s.r. contributes towards the energy transition and a more sustainable living environment.

Adapt to climate change & related risks

As the impact of climate change becomes more evident, the importance of a resilient portfolio equally becomes

Science-based targets

Targets adopted by companies to reduce GHG emissions are considered science-based if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement to limit global warming to 1.5°C above pre-industrial levels and a net zero future.

The financial sector is key to unlocking the system-wide change needed to reach net zero. The central enabling role of finance is recognised in Article 2.1(c) of the Paris Agreement: 'Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development'.

The Science-Based Targets initiative (SBTi) has developed guidance aimed at helping financial institutions in their efforts by providing resources, including methods, criteria and tooling for science-based target setting. a.s.r. has been involved in the development and road-testing of this uniform methodology by SBTi.

a.s.r. is committed to reaching a state of net zero before 2050 and will commit to SBTi in 2024 to have the new GHG reduction targets validated for its investment portfolio and own operation.

increasingly important. By understanding and anticipating the long-term risks of climate change, a.s.r. strives to build a portfolio that is progressively adaptable in order to ensure long-term sustainability, resilience and profitability.

a.s.r. conducted comprehensive climate risk assessments for all properties in its portfolio based on the Framework for Climate Adaptive Buildings (FCAB). This assessment identifies vulnerabilities to climate-related impacts, including four major climate risks: heat, drought, flooding and extreme weather. The climate risk score is based on:

- The environmental score is an estimate of the climate effects for the immediate vicinity of a building;
- The building score is an estimate of the vulnerability of a building to the various climate effects, based on building-specific characteristics.

a.s.r. identified the assets which are exposed to high risks and defined a risk appetite to determine the extent to which climate risks are acceptable and what actions are appropriate to mitigate climate risk as effectively as possible.

Regenerate biodiversity & ecosystems

Biodiversity is a fundamental pillar of ecological balance and sustainability. Loss of biodiversity leads to adverse impacts on the wellbeing and quality of life, as well as on food security, resilience to natural disasters and the availability of water and resources. The built environment disrupts important habitats for animal and plant species. a.s.r. therefore aims to contribute as far as possible to conserving and enhancing the biodiversity on and around its properties.

a.s.r. has drawn up a Biodiversity Framework in collaboration with an external ecologist to further improve the biodiversity of its portfolio. This Framework contains quantitative and qualitative guidelines to increase the natural variation on and around properties. a.s.r. will further implement this framework in its day-to-day operations.

Rewarding sustainable farming

The ASR Dutch Farmland Fund has a reward system for its farmers who operate sustainably, to help safeguard the continuation of farming and challenge climate change and the loss of biodiversity. Under certain conditions, new and current lessees who comply with certain sustainability requirements such as using sustainable fertilisation can be awarded discounts of 5%-10% on the ground rent they pay for leasing land. In 2023, 84 new green lease contracts were concluded, representing 86% (1,335 of 1,546 hectares) of the new contracts. The total number of green lease contracts is 331 (6,004 of 37,646 hectares).

Embodied carbon: the next step in decarbonising a.s.r.'s portfolio

In the Netherlands, 11% of total GHG emissions take the form of embodied carbon emissions. Embodied carbon emissions are GHG emissions arising from the extraction, production, transportation and assembly of construction materials, but also from dismantling and demolition processes.

a.s.r. has undertaken a study to identify and evaluate existing standards for measuring and limiting embodied carbon. Currently, the Dutch Green Building Council (DGBC) standard is the most suitable standard for real estate in the Netherlands. It uses a Global Warming Potential (GWPa) indicator and establishes target values for embodied carbon per asset type.

a.s.r. is assessing the integration of the GWPa indicator in its acquisition and renovation plans. The goal is to collect project data and challenge partners to adopt an integrated approach that addresses both operational and embodied carbon emissions.

Improve well-being & social equality

To ensure liveable and sustainable buildings and communities, a healthy living environment and social equality are key. Equal treatment and opportunities for all are not self-evident. a.s.r. makes a positive contribution to social issues by investing in affordable dwellings and housing for senior citizens. It extends its portfolio to include dwellings in these segments and takes these needs into account in its rental policy.

a.s.r. believes that tenants who are more involved with their buildings, environment and landlord are more satisfied and aware. a.s.r. focuses on improving tenant satisfaction, health and wellbeing, and awareness of sustainable living. a.s.r. therefore works continuously on a participation programme involving various forms of tenant participation. Activities range from taking an active role in sustainability projects and tenants' associations to ESG newsletters and tenant events.

Impact investments

The GIIN defines impact investments as: Investments made in companies, organisations and funds with the intention of generating positive, measurable social and environmental impacts alongside a financial return. This definition is used by a.s.r. to calculate a quantifiable impact investment for real estate activities.

In 2023, a.s.r. focused on the following real estate impact themes:

- Affordable housing;
- Dutch Science parks;
- Renewable energy;
- International non-listed real estate;
- Sustainable mobility.

Affordable housing

The ASR Dutch Core Residential Fund has a clear focus on affordable housing. The Fund designates rents of up to € 1,350 as affordable, and keeps a considerable part of the portfolio in this segment. To keep affordable dwellings in the standing portfolio affordable in future, the Fund implements moderate rental increases, caps rents in line with current market trends and actively lowers living costs by implementing energy-saving measures.

Dutch Science parks
The ASR Dutch Science Park Fund strives to make a positive societal impact by encouraging the further development of science parks in the Netherlands by investing in real estate for the broad range of functions that are needed for science park ecosystems to thrive. By doing so, the Fund provides room for companies to work on a wide range of innovative and sustainable products and solutions that contribute to a better world.

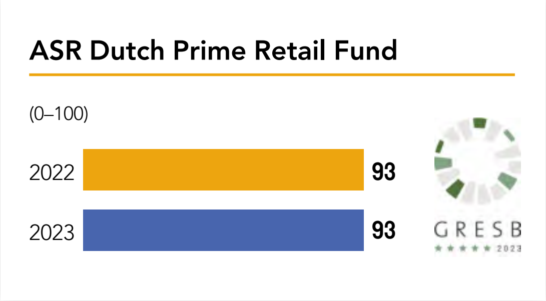
Renewable energy
ASR Renewables makes impact investments through acquiring and managing wind parks and solar farms. In this way, a.s.r. is contributing to the energy transition and a sustainable living environment.

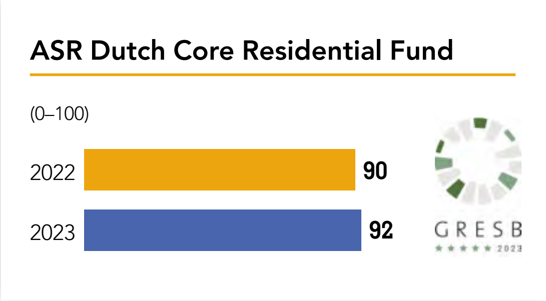
International non-listed real estate
a.s.r.'s strategic asset allocation in real estate includes an allocation to European non-listed real estate. Within these investments, there are opportunities for achieving impact through the following themes: Affordable Housing, Green Buildings and Health. a.s.r. intends to increase the assets which meet the criteria of these themes over the coming years.

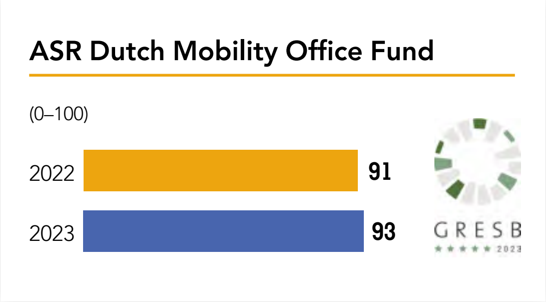
Sustainable mobility
The ASR Dutch Mobility Office Fund makes a positive environmental impact through enabling CO_2 emission reductions for tenant employee mobility to the Fund's office buildings. The Fund does this by investing exclusively in offices located on public transport hubs, adding office stock on these locations, and through specific measures aimed at stimulating sustainable mobility for each of the Fund's office buildings.

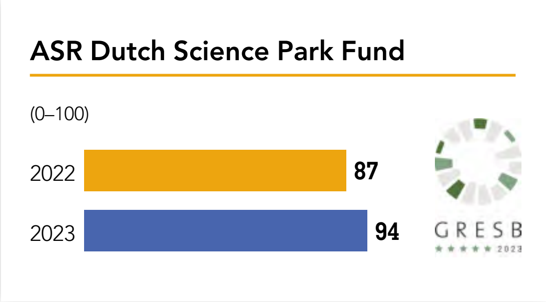
Sustainable investing – GRESB benchmark

The real estate funds were assessed for their sustainability by the Global Real Estate Sustainability Benchmark (GRESB)









in 2023. The ASR Dutch Prime Retail Fund (ASR DPRF), the ASR Dutch Core Residential Fund (ASR DCRF), the ASR Dutch Mobility Office Fund (ASR DMOF) and the ASR Dutch Science Park Fund (ASR DSPF) were each awarded the maximum score of five stars, placing them in the top 20% of best performing funds. The ASR Dutch Science Park Fund (DSPF) improved from four stars in 2022, was first in its peer group and appointed as global sector leader.

3.2.3 Mortgages

To reduce the carbon footprint of homes, a.s.r. wants to make it possible for all mortgage customers to live in an energy-efficient home. Not only customers who already live energy-efficiently, but also customers whose homes have a lower energy label. a.s.r. explicitly does not want to be just a mortgage lender for people with an energy-efficient home, but rather a mortgage lender that helps customers make their homes more sustainable. a.s.r. helps customers by lowering barriers to home sustainability. This is done in the following three steps.

1. Providing information; Making homes more sustainable starts with informing residents about the possibilities. a.s.r.'s award-winning Sustainable Housing platform features blogs, roadmaps and various videos on energy saving, sustainable housing and sustainable gardening. Customers can also subscribe to a monthly newsletter with tips and examples relating to sustainable living;
2. Financing; Besides using their own money to make their homes more sustainable, people can get a Sustainability Mortgage from a.s.r. As standard practice, a.s.r. offers a Sustainability Mortgage of € 9,000 with every interest rate offer. This allows homeowners who want to take out a mortgage with a.s.r. to borrow extra money for energy-saving measures, such as a heat pump, solar panels or insulation. Existing customers have the option to follow a shorter route and apply for the Sustainability Mortgage at a lower cost without advice (execution only). In the personal (digital) environment, they can take out

a Sustainability Mortgage of up to € 9,000. In doing so, a.s.r. lowers the threshold to make their current home more sustainable;
3. Realisation; a.s.r. works together with De Energiebespaarders, an online platform for people who want to make their homes more sustainable. The advice and service provided by *De Energiebespaarders* is free for both new and existing customers with an a.s.r. mortgage. The advice includes a comprehensive home savings check at your home, advice on energy-saving measures, quotes for the possible solutions and help with the installation.

The emphasis on making homes more sustainable is paying off. Of all new mortgages taken out with a.s.r. in 2023, over 30% included some form of financing for sustainability. According to research by a.s.r. in collaboration with Calcasa, the homes that were made more sustainable went up an average of 1.5 energy label points due to the measures financed.

Nu, later en altijd.

a.s.r.'s raison d'être is to help people. Our mission is to help customers insure risks that they are unwilling or unable to bear themselves, and accumulate capital for later. a.s.r. helps with services and products that are not only good for now, but also for the long term, with future generations in mind. We make a difference by offering sustainable choices.

Interview Sustainability mortgage

Homeowners looking to make their homes more sustainable can apply for the a.s.r. sustainability mortgage. For an amount of up to € 25,000, they can, for example, install an induction hob, have their house insulated, install solar panels or buy a heat pump. Laura and Wies van Erp took out this mortgage. 'If you have to pay for this yourself then it hurts your savings account.'

When Laura van Erp and her husband Wies visited their financial advisor, they heard about the sustainability mortgage for the first time. They had an appointment to talk about renovating their house in Roosendaal, in the province of North Brabant. It is a 1970s house with an impractically arranged ground floor. 'We decided to transfer our mortgage to finance the renovation. During this conversation, the advisor told us about a.s.r.'s sustainability mortgage. If you are renovating anyway then that's a good moment to consider sustainability measures too, he said.'

'a.s.r. has offered this sustainability mortgage since 2019,' explains Neriman Polat, Manager Mortgages Business Development. 'a.s.r.'s mission is to accelerate the energy transition and reduce CO_2 emissions. Our Mortgages division contributes to this by financing energy-saving solutions such as solar panels, cavity wall and floor insulation, a heat pump and HR++ glass. There are 4.6 million owner-occupied houses in the Netherlands so there is still huge potential for sustainability.'

Customers who take out a sustainability mortgage can borrow up to € 25,000 on top of their mortgage amount to retrofit their home. They pay a lower interest for that amount. Neriman: 'Customers who opt for this do not yet know what energy-saving measures they want to carry out and exactly what it will cost them. They just need to know how much they want to borrow. They then have two years to submit bills for the energy-saving measures they have implemented in their homes.'

'As part of the 25,000, 9,000 will not be taken into account by determining the maximal mortgage amount. Therefore customers are always able to borrow 9,000 for sustainability measures even if they don't know exactly what they want. This amount will cover the costs of a number of smaller adjustments, but they hardly see this reflected in their monthly mortgage payments. When you borrow this amount, you will have two years to think about what you want to take on.'

Monthly mortgage payments

Laura and Wies took out the sustainability mortgage in May 2022. 'The sustainability part of € 9,000 won us over. No other mortgage lender made us such an offer.'

In March last year, Laura and Wies had the walls in the utility room insulated, installed underfloor heating and purchased a hybrid heat pump. 'Our monthly mortgage expenses went up a bit because of this loan, but that is negligible when you see what we save on gas, water and electricity costs.' The couple also want to have their roof insulated in the future.

87% of customers with sustainability mortgages, like Laura and Wies, go about retrofitting their homes after a year. Neriman: 'The average amount spent in that period is € 8,700. The houses then go up one and a half energy labels.' Over 14% of all homeowners currently apply for any kind of sustainability loan. At a.s.r., we pro actively offer a sustainability loan if this is not in the initial application. By doing such, we have been able to increase the number of mortgage customers that take out a sustainability loan. The reason why this number is higher, according to Neriman, is because of the ease of borrowing € 9,000. 'We have made sure that after customers take out a mortgage, they can tick the confirmation box to show whether they want to borrow extra. If an advisor has not raised this, it can still be offered very easily in this way.'

Impact

Neriman hopes that owners of older homes with a low energy label, in particular, will want to think about making their homes more sustainable. 'We want to help everyone make an impact so all labels are welcome, but in older houses we see a lot of draughts and cracks. So you can make significant gains in terms of energy consumption and improved living comfort.' Laura also advises others to consider making their homes more sustainable. 'We owe it to the earth to give something back. If you have to pay for this yourself, it hurts your savings account, so this is a very good alternative.'

For customers who already have a mortgage with a.s.r. and want to make their home more sustainable, a.s.r. has been offering the option directly to customers to take out a sustainability loan since July 2022. Neriman: 'You can borrow up to € 9,000. You can simply tick this in your My Mortgage environment.' Mortgages tries to win over customers who still have doubts by hosting webinars and recording podcasts on the importance of sustainability. 'We explain all the things you can do, where to start and the costs. More information can also be found on our Sustainable Living platform. And we cooperate with *De Energiebespaarders*. Their energy consultants come to your home, provide advice and quote energy-saving measures. They will even carry it out for you if you want.'

Green Lotus Award

a.s.r. won the 2023 Green Lotus Award for the second year in a row. This award is given to the mortgage lender that the judges consider to be the most progressive in terms of home sustainability. The jury report states that after winning in 2022, a.s.r. has continued with unabated fervour to fulfil its sustainability ambitions and clearly knows how to motivate advisors and customers to become more sustainable.

3.3 Creating a vital and future-proof workforce

Employees
(in FTE)
7,994[1]
2022: **4,313**

Employee engagement
(in percentile)
89
2022: **88**

eMood®
(1–10)
7.7
2022: **7.6**

Vacancies filled internally
(in %)
46
2022: **38**

Total spending on training
(in € million)
5.6
2022: **5.4**

Spending on training per FTE
(in €)
1,452
2022: **1,479**

Nil absenteeism
(in %)

2022	50
2023	56
Target 2026	58

Female | Male
(in %)

2022	44 | 56
2023	45 | 55

1 This figure includes a.s.r. stand-alone colleagues (4,479) and ex-Aegon NL colleagues (3,515). All other non-financial metrics presented in this Annual Report exclude Aegon NL, unless stated otherwise. For more information on the scope of the non-financial metrics, please refer to About this report and the Glossary.

3.3.1 HR policy and strategy

For a.s.r., it is key that employees remain sustainably employable, which is why considerable attention is given to personal and professional development, physical and mental health and work-life balance. a.s.r. has great confidence in its employees and encourages everyone to take control of their own careers, development, and the way they do their work.

In order to attract and retain the skills it needs, a.s.r. offers an attractive, competitive and flexible employment package and focuses considerable attention on employee development, engagement and vitality. It is also committed to improving diversity, equal treatment and inclusion.

Workforce

In 2023, the total workforce grew by 3.9% to 4,479[1] FTEs (2022: 4,313). All of these employees work in the Netherlands. a.s.r. aims to fill at least 40% of all vacancies internally. This retains the knowledge of people and culture in the company and gives employees the opportunity to develop further professionally. In 2023, 267 out of a total of 577 vacancies were filled internally, equating to 46%.

In 2023, the labour market remained tight. In order to retain talent, a.s.r. focused considerable attention during the year on boosting employee loyalty and engagement. A retention policy was devised for key staff officers. a.s.r. distinguishes between financial incentives and non-financial incentives, e.g. opportunities for development. The company is concentrating mainly on the application of development opportunities, since their effect is more sustainable than that of financial incentives.

In 2023, a.s.r. also focused strongly on employer branding. The employer proposition was tightened in line with the adjusted repositioning of a.s.r. and a multimedia campaign was rolled out in the summer.

Development and sustainable employability

In an environment where automation and digitalisation are becoming increasingly important, and in the light of the integration of a.s.r. and Aegon NL, developing the talents of every employee is key. The aim is to enable employees to become and remain future-proof.

a.s.r. employees can make use of a budget agreed in the collective labour agreement (CLA) and an extensive range of development programs to promote sustainable employability. These include non-job related training and forms of coaching that improve an individual's opportunities on the labour market or that prepare them for a subsequent career step. a.s.r. also has its own talent advisors, who help staff with questions about their careers. All a.s.r. employees have access to a wide range of development opportunities in the a.s.r. academy, a.s.r.'s learning platform.

51% of all employees followed training courses in 2023 (2022: 63%). The total amount spent on training in 2023 was € 5.6 million (2022: € 5.4 million).

For managers, there is the Leadership Education programme. This is a mandatory development programme for all managers with the aim to help managers develop and maintain their professional knowledge and skills.

For employees directly affected by reorganisations, there are special initiatives in the form of information meetings on how to improve agility and employability, workshops and speed dates with talent advisors. This approach, which was developed by a.s.r. itself, is called In Motion (*In Beweging*).

Trainee programmes

a.s.r. runs two trainee programmes to attract talented graduates, one in collaboration with the Utrecht University of applied sciences focused on IT and one general traineeship. These programmes enable candidates to develop as specialists or to progress to management positions.

In 2023, 10 trainees who attended the general a.s.r. traineeship and five IT trainees concluded their traineeship and accepted a permanent role within a.s.r. The five general trainees and the five IT trainees who began their traineeships in 2022 will complete their programme in 2024. As a result of the business combination with Aegon NL, the decision was made to put the a.s.r. traineeship temporarily on hold. This programme will be resumed in September 2024.

a.s.r. will continue Aegon NL's existing trainee programmes in a slightly adapted form. Other than a general traineeship, this includes a programme for data science talent and

'What doing can do - customer contact': a new learning line for customer support employees'

The story of a.s.r. is the basis for the new organisation and contains its strategy, vision and core values. Following this, a new learning path for all customer support employees was launched in November 2023: 'What doing can do- customer contact'. a.s.r. wants to become the best financial service provider in the Netherlands with the highest customer and intermediary satisfaction score. Customer support employees play an important role in this.

After all, they are often the first point of contact for the customer. Throughout the organisation, a.s.r. wants the contact with customers and advisors to be of the same, excellent standard and this new learning path contributes to that. By training all customer support employees in a uniform way and inspiring them to go the extra mile wherever possible, a.s.r. is working towards a uniform customer experience.

1 This figure is excluding Aegon NL.

programmes on non-financial risk, technical development and financial development.

Vitality and absenteeism

a.s.r. pays considerable attention to physical and mental health. Employees can take part in an annual health check and a vitality scan, with which they gain insight into energy sources and stressors. Vitality Scan results confirm that a.s.r.'s preventive policy is working. There is an overall positive development shown in the results.

By 2023, there were fewer absences. This is reflected in the higher percentage of employees who did not report sick (nil absenteeism) of 56% in 2023 (2022: 50%). With 4.1%, the absentee rate remains stable (2022: 4.2%).

Diversity, equity and inclusion

A diverse, equal and inclusive working environment is essential for an organisation and its employees. Not only in order to make full use of people's diverse qualities and perspectives for better decision-making, but also to better understand the diversity of customer needs, to inspire equal treatment of the interests of all internal and external stakeholders and promote a safe, pleasant and inclusive working atmosphere. The goal is to realise a working environment where mutual understanding, attention and empathy are central and everyone is given the space to be themselves and provide their input.

Dialogue sessions, panel discussions and other initiatives are organised on a regular basis to draw attention to these topics, allow colleagues to engage in dialogue with each other and explore how the organisation can further improve on these themes.

Cultural diversity

In 2023, a.s.r. took part in Statistics Netherlands' (CBS) Cultural Diversity Barometer for the third time. This gives organisations an insight into the ethnic backgrounds of their staff without these statistics being traceable to individual employees. Former Aegon NL did not take part in the CBS Barometer in 2023.

Based on the methodology and the CBS's 'ethnic background' classification (western/non-western), cultural diversity within a.s.r. in recent years has risen slightly from 18% in 2021 to 19% in 2023. Based on this classification, the cultural diversity of the overall working population in the Netherlands in 2023 was 23%.

Based on the classification according to 'country of origin', with 20% of its employees having their country of origin outside the Netherlands, a.s.r. is on balance slightly less culturally diverse than the wider working population in the Netherlands, at 24%. On the other hand, the a.s.r. workforce is a representative reflection of the cultural diversity within the working population in the Netherlands in terms of countries of origin outside Europe. At 16%, this share in a.s.r. exactly mirrors that of the wider working population in the Netherlands. Cultural diversity within a.s.r. is greatest among younger employees.

Gender diversity

a.s.r.'s diversity, equity and inclusion objectives with respect to gender diversity are that at least one-third of management, Management Board and Supervisory Board members should be women and at least one-third should be men.

To achieve these objectives, the diversity, equity and inclusion policy is applied to the recruitment process and the annual employee review. Measures to ensure gender diversity in management and the Management Board include the annual fleet review, succession planning and the Leadership Education (LE) programme.

Equal treatment of men and women is also part of gender diversity. The yearly adjusted pay gap analysis, most recently conducted in December 2023, showed that there is no pay gap between men and women at a.s.r. For more insight on this analysis, see section 3.3.3.

Participation desk

The Participation desk of a.s.r. has the ambition to reduce the distance to the labour market for individuals with a work disability. During a two-year period (maximum), these individuals gain work experience and develop employee skills. They receive intensive guidance and are offered a tailor-made development programme. The aim is to prepare them for a permanent position, preferably within a.s.r. The objective is that in 2026, a.s.r. employs 70 employees that meet the criteria set by the Participation Act. At the end of 2023, 53 employees (2022: 44) who fell within this target group were employed at a.s.r. via the Participation desk.

In 2023, a.s.r. maintained Stage 1 of TNO's Corporate Social Responsibility Performance ladder (*Prestatieladder Socialer Ondernemen*). This means that on average, a.s.r. employs more people who are at a distance from the labour market than organisations of the same size. And also, that a.s.r. encourages suppliers and contractors to engage in social entrepreneurship. a.s.r. achieved Stage 1 in January 2020.

3.3.2 Employee engagement

In order to achieve its objectives, a.s.r. needs engaged and enthusiastic employees who feel they are being heard, have scope to take initiatives and feel that their contribution matters. To measure engagement and obtain input from employees (employee listening), a.s.r. uses the Denison Organisational Culture scan (Denison scan), the Employee Mood Monitor (eMood®), and an eNPS measurement.

Denison scan

In 2023, a.s.r. conducted the Denison scan for the seventh consecutive year. This annual survey measures the success of an organisation in several areas, including drivers of engagement. The results obtained are measured against a global benchmark of more than 1,200 large organisations. In 2023, 73% of the workforce completed the scan (2022: 78%).

The Denison scan measures 12 cultural aspects within the key themes of mission, consistency, engagement and adaptability. In 2023, as in previous years, a.s.r.'s scores were again in the highest quartile in almost all aspects. The only exception was customer focus, although this also showed a slight increase (62 compared with 58). With a score of 89, employee engagement was slightly higher than in 2022 (88) and well above target (85). This result is expected to decrease over 2024 as a result of the integration with Aegon NL.

Various actions for improvement have been formulated for each business line, and are periodically measured and evaluated using through the Employee Mood Monitor.

Employee Mood Monitor

a.s.r. employees including contractors are invited to take part in this weekly pulse survey on job satisfaction, vitality and productivity. All managers receive a weekly dashboard showing the scores given by their teams. The eMood® enables a.s.r. to keep a finger on the pulse and encourages employees and managers to continue dialogues on these subjects.

The response to a.s.r.'s eMood® remained high, with approximately 2,400 participants per week. With an average score of 7.7 (2022; 7.6), a.s.r. again managed to keep the mood of the organisation at a good level. The scores of the underlying constructs vitality (7.6), productivity (7.5) and job satisfaction (8.0).

Employee Net Promotor Score

The employee Net Promoter Score (eNPS), the extent to which employees would actively recommend a.s.r. as an employer, is also measured via the eMood®. The average eNPS in 2023 was +40 (2022: +42). The eNPS provides a.s.r. with an insight into loyalty to, and the perceived attractiveness of, a.s.r. as an employer.

3.3.3 Remuneration

a.s.r.'s remuneration policy is based on the principle that the average level of total remuneration is at most around the median of the reference group. Every three years (two years for the MB), an independent consultant performs a market-based comparison of the remuneration benchmark. The 2023 reference group for a.s.r. employees are the financial institutions (excluding the MB, Asset Management and the Real estate front office). The relevant peer groups for the latter two are the asset management market. The MB's peer group is described in section 5.3.3.

In line with the remuneration policy, the remuneration of a.s.r. employees consists solely of a fixed payment. a.s.r. does not have a company-wide variable remuneration scheme; for more information, see section 5.3. Employees are eligible for an incidental bonus for the extraordinary performance of specific employees: the '*Boter-bij-de-vis*'. In 2023, 163 employees (2022: 97) received this incidental bonus.

Equal pay

At a.s.r., women and men with similar work experience, performance and potential receive equal pay. This was the result of the annual survey that a.s.r. conducts on remuneration for male and female employees.

The survey revealed differences in remuneration and annual wages. The gross hourly wage of women is often lower than that of men. For a.s.r., it is important to understand this difference. A gender pay gap analysis was conducted, and the difference can be explained by two factors:

- There are differences in types of jobs done by men and women. For example, more women are employed in customer service and support positions. Whereas traditionally, more men are employed in the more specialised, technical insurance positions and in management, often in the higher salary scales;
- Women on average serve three years fewer than men. As a result, men reach a relatively higher position on the salary scale for the same job level compared to women. This difference between men and women based on work experience should therefore disappear over time.

When adjusted for the aforementioned factors, the gender pay gap analysis showed that there was no pay gap (0%) between females and males for equal work and a comparable number of years of work experience. The differences presented in the graph below are explained by the number of years of service and job type. The scope of this analysis included employees of a.s.r., including contractors and excluding subsidiaries.

For the complete a.s.r. remuneration policy and the Remuneration Disclosure, see www.asrnl.com.

Employees who completed the Denison scan (in %)

73

Gross average hourly wages split by gender

(in €)	31 December 2023			31 December 2022		
	Female	Male	Ratio[1]	Female	Male	Ratio
Executive Board[2]	355	381	0.93	334	346	0.96
Management Board	236	318	0.74	-	-	-
Management[3]	54	63	0.86	52	59	0.89
Other employees	27	32	0.86	27	31	0.85

1 Calculated before rounding of figures.
2 The figures for the EB include CEO's compensation.
3 In anticipation of the consolidation with the Aegon NL HR figures as of reporting year 2024 and as Aegon NL applied different classifications to the various layers of management which are not comparable like-for-like with a.s.r., a.s.r. reports on Management as a whole and does no longer apply any sub-classifications.

Employee Share Purchase Plan

a.s.r. has an employee share purchase plan (ESPP) since 2019. The plan is an equity-settled share-based payments plan. Under the terms of the plan, employees can participate after the publication of the full-year and half-year results.

The members of the MB are required to participate in the ESPP by investing a part of their income in a.s.r. shares. Until the amendment of the remuneration policy from 1 July 2023, members of the Executive Board committed to buy a certain percentage of their remuneration in a.s.r. shares by 2026 (75% for the CEO and 50% for other members of the Executive Board) and to hold these shares for at least five years. The shares were neither variable remuneration nor share-based remuneration.

From 1 July 2023, part of the (fixed) remuneration of the members of the MB will be paid in a.s.r. shares. Other employees participate voluntarily. All employees buy the shares at a discount of 18.5%. The fair value of the a.s.r. share with a five-year lock-up on the grant date is equal to the purchase price paid by the employee.

Other employees participate voluntarily. The employees purchase the shares at an 18.5% discount, which reflects the opportunity costs of the lock-up period of five years. The fair value of the a.s.r. share with a lock-up of five years at the grant date equals the purchase price paid by the employee.

The number of shares purchased by employees, excluding the MB, in 2023 was approximately 153,000 for a total amount of € 5.16 million (2022: 124,000 for an amount of € 4.06 million). The ESPP has an impact on equity through the adjustment in the treasury shares and retained earnings. See section 7.5.11.5 for more information.

3.3.4 Integration of Aegon NL

Immediately after the announcement of the integration plans at the end of 2022, the HR departments of a.s.r. and Aegon NL started preparations for the employers' transition. Important issues included the working conditions, the corporate cultures and, with the upcoming employers' integration, onboarding and the social plan.

Working conditions

Prior to the employers' integration, the working conditions of the Aegon NL employees who would enter the service of a.s.r. as a result of the business combination were discussed with the trade unions and employee representative bodies. An agreement was reached on the overall package on 16 June 2023. Affected employees have been informed about the implications of the agreement both in writing and via information sessions. The Aegon NL functions were administratively converted on a one-to-one basis in the a.s.r. job category system.

Culture

An independent survey of the culture of both organisations was conducted. This revealed cultural differences, but also many similarities between Aegon NL and a.s.r. A cultural change approach was drawn up, recording the principles, objectives and the framework for realising the change. The updated 'story of a.s.r.', the roll-out of which began in the final quarter of 2023, plays an important role in the cultural change approach. Management is crucial for a successful change. This is why a leadership programme has commenced in early 2024. One of the differences between a.s.r. and Aegon NL is the extent to which the English language is spoken in the office. Closely before the employer's integration on 1 October 2023, all a.s.r. and Aegon NL colleagues were informed that important announcements will be written in both Dutch and English.

Onboarding

The new management structure of a.s.r. took office right after the closing of the transaction between a.s.r. and Aegon NL. The selection of senior management members involved a very careful process in which all completed an assessment with an independent external agency and interviews were held with several MB members. The proposed management structure was shared with the organisation just before closing.

In order to provide support to the new management within the performance of their HR tasks, a toolkit was developed. Around the closing date, an offsite meeting was organised for the senior management, to discuss the cultural survey results and exchanging ideas on 'the story of a.s.r.'.

Immediately after the employers' integration, a practical development programme was started for the management, with an online workshop on 'a bird's eye view of management at a.s.r.' and information meetings on specific subjects such as absences and external hiring. This programme will be followed up in 2024 with deep dives on relevant subjects.

In the period between the closing and the employers' integration, the focus lay primarily on the two organisations getting to know each other. A magazine "Hallo collega" was sent to all colleagues, the MB visited all the locations and guidelines and tools were developed to facilitate the introduction of different teams. Activities were organised to mark the occasion of the employers' integration, which was immediately followed by close attention to the practical onboarding process.

CLA and social plan

After the employers' integration with Aegon NL, a.s.r. began talks with the trade unions on drawing up a new joint collective labour agreement (CLA), scheduled to enter into force on 1 July 2024. Until then, the existing a.s.r. CLA ('The Other CLA 2023-2024') and the Aegon Transitional Protocol will remain in force.

Transitional arrangements have been reached on the temporary reduction of employee contributions for pensions. These arrangements also apply for the a.s.r. employees

In July 2023, the trade union members agreed that the existing a.s.r. social plan will apply for all employees of the new combined organisation from 1 July 2024. The social plan will apply for the duration of the integration and for at least three years from the date on which Aegon NL employees entered the service of a.s.r., i.e. from 1 October 2023 to 1 October 2026. For advisory requests submitted before 1 July 2024, the social plans of Aegon NL and a.s.r. will be implemented side by side.

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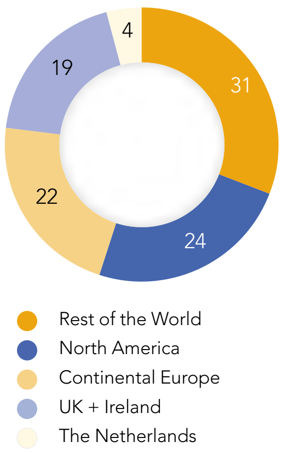
3.4 Informing the investor community

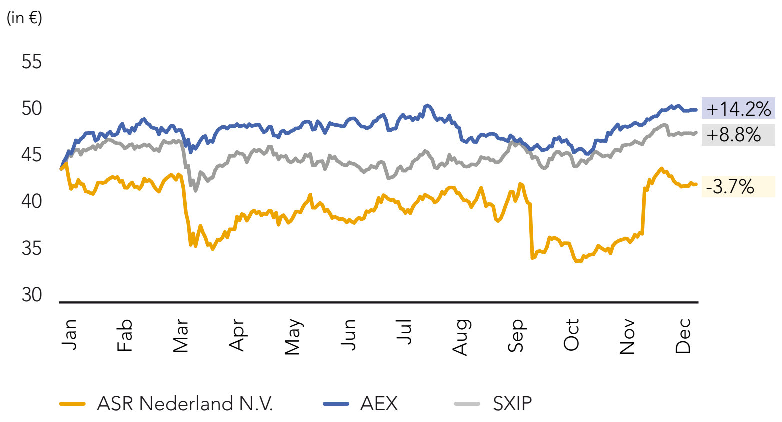
Market capitalisation	Free float	Dividend per share	Outstanding shares	Share price
(in € billion)	(in %)	(in €)	(in million)	(in €)
9.0	70	2.89	211.1	42.70
2022: 6.6	2022: 100	2022: 2.70	2022: 147.9	2022: 44.35

Shareholders (by geography)

(in %)



Development of share price in 2023



Development of AEX and SXIP rebased to stock price at beginning of the year a.s.r. aims to be an attractive company for investors by creating value in both the short and long term. It does so by adhering to a disciplined execution of its strategy aimed at delivering a solid performance against an ambitious set of financial and non-financial targets.

a.s.r. attaches great value to maintaining a strong relationship with the investor community in the broadest sense and adheres to high standards relating to transparent communication and fair disclosure. The aim of a.s.r.'s investor relations is to provide all relevant information which can help investors make well-informed investment decisions. a.s.r. makes every effort to ensure that the information it discloses is accurate, complete and timely. a.s.r. was recognised in the Institutional Investor's annual survey as Best Company in Investor Relations in the insurance sector.

a.s.r. provides relevant insight into its activities and performance through various financial and non-financial disclosures. To that end, it regularly updates the markets on its financial performance, the progress it is making on the execution of its strategy and any other relevant developments through press releases, webcasts, conference calls and other forms of communication. a.s.r. publishes its financial and non-financial results twice a year in the form of half-year and full-year results.

3.4.1 Developments in 2023

a.s.r. organised an IFRS 17 & 9 information session for analysts and investors to provide an early update on the impact of the accounting change to IFRS 17 & 9.

In 2022, a.s.r. announced the strategic and transformational transaction with Aegon Ltd. to combine its Dutch businesses to create a leading insurer in the Netherlands. In 2023, all the conditions set for the transaction to combine the business activities of a.s.r. and Aegon NL were met and the transaction was subsequently completed on 4 July. As part of the transaction, a.s.r. issued 63,298,394 ordinary shares which have been delivered to Aegon Ltd. as part of the consideration. These shares have been listed and admitted to trading on Euronext Amsterdam as per 6 July 2023.

On 26 September 2023, the Court of Appeal in The Hague issued a ruling in a unit-linked life insurance case involving three (former) Aegon NL products. As the market attempted to assess the potential impact of this, the a.s.r. share declined by 14% in subsequent trading. Following the ruling, a.s.r. reached out to the major customer interest groups to resolve the matter. On 29 November 2023 a.s.r. announced that it has come to an agreement for a final settlement for unit-linked life insurance customers of Aegon NL and a.s.r. affiliated to the customer interest groups and that all collective proceedings against Aegon Ltd. and a.s.r. will be terminated. The settlement involves € 250 million. In addition to the amount involved in the settlement, a.s.r. is making an additional provision of € 50 million for special cases and for unaffiliated customers that have not previously received compensation. Following the announcement of the agreement the a.s.r. share price recovered from the initial decline in subsequent trading on 30 November 2023.

In order to ensure that investors were informed of relevant developments in a timely and accurate way, a.s.r. held an Investor Update in London on 30 November 2023, to notify the market of the progress of the integration of Aegon NL as well as provide an further detail on the developments in the unit-linked life insurance file.

For more information about a.s.r.'s policy on fair disclosure and bilateral dialogue, see www.asrnl.com.

3.4.2 a.s.r. shares

a.s.r.'s shares have been listed on Euronext Amsterdam since 10 June 2016 (symbol: ASRNL, ISIN: NL0011872643). a.s.r. is included in the AEX Index. With the issuing of the new share capital, the amount of issued and outstanding shares of a.s.r. is now 211,326,978 ordinary shares, of which Aegon holds 29.99%. The free float as defined by Euronext Amsterdam was 70% as at 31 December 2023. Each share has one vote.

a.s.r. is included in various indices, including the MSCI World Index as per the end of August 2023.

Shareholders

a.s.r. shares are held by an international and diversified shareholder base. By the end of 2023, based on public filings and company information, institutional investors in Europe, North America and the United Kingdom (including Ireland), represent approximately 56%, 24%, and 19% of the outstanding shares respectively. A limited number of shares are held by retail investors in the Netherlands.

Major shareholders

Dutch law requires shareholders to report their holdings in Dutch-listed companies to the AFM if they exceed 3% of total outstanding share capital (and certain higher thresholds). Following the closing of the transaction with Aegon NL on 4 July 2023, Aegon Ltd. became a major shareholder with 29.99% of the issued and outstanding shares. In addition, as at 31 December 2023, Blackrock Inc. had a shareholding in a.s.r. of more than 5%. Norges Bank Investment Management and SAS Rue la Boetie had a shareholding in a.s.r. of more than 3%, but less than 5%.

Shares ASR Nederland N.V.

(in numbers)	31 December 2023	31 December 2022
Authorised capital	325,000,000	325,000,000
Issued share capital	211,326,978	149,827,056
Own shares held by a.s.r.	178,816	1,902,772
Outstanding shares	211,148,162	147,924,284

Shares and share price performance

At the end of 2023, the share price stood at € 42.70 (2022: € 44.35). Total shareholder return amounted to 3.2% in 2023 (including a dividend reinvestment in a.s.r. shares) and to 230% since the IPO in 2016. The Euronext AEX Index appreciated by 14.2% in 2023, while the STOXX Europe 600 Insurance Index appreciated by 8.8% in 2023.

a.s.r. is actively covered by research analysts. 17 equity analysts issued a recommendation and a price target on a.s.r. with an average price target of € 51.19 as at year-end 2023. The recommendations comprise of 17 buy recommendations, zero hold recommendations and zero sell recommendations on a.s.r.

Dividend

a.s.r.'s dividend policy, effective as of 2023, offers shareholders a progressive dividend with mid-to-high single digit envisaged growth until 2025. The policy includes an interim dividend, which is set at 40% of the total dividend for the previous year and is conditional on achieving adequate financial results and solvency. To be able to pay dividends, the operating companies of a.s.r. remit cash to the holding. a.s.r. holds cash at the holding company to cover operating holding costs and hybrid expenses for the next 12 months (rolling forward), and cash to pay the final and interim dividend.

Dividend per share

(in €)	2023	2022
Interim dividend	1.08	0.98
Final dividend	1.81	1.72
Total dividend	**2.89**	**2.70**

Based on its strong financial performance in 2023, but also reflecting confidence in the financial merits of the transaction with Aegon NL, a.s.r. proposes to pay a total dividend of € 2.89 per share, which is paid as an interim dividend of € 1.08 per share (in September 2023) and a final dividend of € 1.81 per share (to be paid in June 2024). The total dividend of € 2.89 per share represents a 7% increase compared with the total dividend over 2022 (€ 2.70 per share).

Bonds

	Nominal value	Coupon	First call date
Perpetual Tier 2 capital securities	€ 500 million	5.000%	30 September 2024
Fixed to fixed Tier 2 capital securities	€ 500 million	5.125%	29 September 2025
Perpetual Restricted Tier 1 capital securities	€ 500 million	4.625%	19 October 2027
Green senior fixed rate notes	€ 600 million	3.625%	12 December 2028
Fixed to fixed Tier 2 capital securities	€ 500 million	3.375%	2 May 2029
Fixed to fixed Tier 2 capital securities	€ 1,000 million	7.000%	7 December 2033

Share price performance

(in €)	2023	2022
Starting price as at 1 January	44.35	40.50
Highest closing price	44.92	45.99
Lowest closing price	34.45	34.65
Closing price as at 31 December	42.70	44.35
Market cap as at 31 December (€ million)	9,016	6,560
Average daily volume shares (numbers)	623,604	497,953

Following approval by the AGM on 29 May 2024, the final dividend will be payable from 7 June 2024. The a.s.r. shares will trade ex-dividend on 31 May 2024.

3.4.3 Bonds

a.s.r. has six debt instruments outstanding for a total nominal amount of € 3.6 billion: one Restricted Tier 1 (RT1) bond for € 500 million, three Tier 2 bonds for € 500 million each, one Tier 2 bond for € 1.0 billion and the newly-issued € 600 million green senior bond. The green senior bond has a maturity of five years, with a fixed rated coupon of 3.625%. The final orders totalled more than € 5.2 billion with participation of more than 250 investors, demonstrating the widespread support for a.s.r. from institutional fixed-income investors across Europe.

3.4.4 Ratings

Credit ratings

a.s.r. is rated by Standard & Poor's (S&P). In 2023, a.s.r. had several conference calls with the rating agency to discuss developments both at a.s.r. itself and in the Dutch insurance market. This resulted in a comprehensive S&P analysis report on a.s.r. on 8 September 2023, which confirmed the ratings and outlook. The single A rating of the insurance entities has applied since 29 September 2008, and the stable outlook since 23 August 2012.

Credit ratings

Standard & Poor's	Type	Rating	Outlook	Since
ASR Nederland N.V.	CCR	BBB+	Stable	15 May 2014
ASR Levensverzekering N.V.	ICR / IFSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	ICR / IFSR	A	Stable	23 August 2012
Aegon Levensverzekering N.V.	ICR / IFSR	A	Stable	23 May 2023
Aegon Bank N.V.	ICR	BBB+	Negative	6 February 2024
Green Senior Bond		BBB-		
Tier 2 Bonds		BBB-		
Tier 1 Bond		BB+		

More information on a.s.r.'s bonds and ratings can be found on www.asrnl.com.

ESG ratings

a.s.r. is rated by various ESG research agencies. These agencies provide a.s.r. with external recognition for sustainability and the realisation of its group targets, including non-financial targets. These agencies also benchmark a.s.r. to its peers.

a.s.r. again performed strongly in the Dow Jones Sustainability Index (DJSI). With a score of 79 points (2022: 82), it maintains its place in the DJSI World and Europe indices. At Sustainalytics, a.s.r. is the number 2 worldwide amongst insurers. A dedicated a.s.r. team continuously monitors developments regarding ESG research agencies and methodologies, interest from investors in the ESG benchmarks, and uses insights from ESG ratings to further improve and internalise sustainability in a.s.r.'s operations.

More information on a.s.r.'s ESG ratings can be found on www.asrnl.com.

Scores international ESG ratings and benchmarks

	Score low	Score high	2023	2022
Dow Jones Sustainability Index[1]	0	100	79 / #8	84 / #10
MSCI	CCC	AAA	AA	A
Sustainalytics ESG Risk Rating	100	0	9.6 / #2	9.1 / #1
Carbon Disclosure Project	D-	A	B	B
Moody's ESG (former: Vigeo Eiris)	0	100	62 / #6	65 / #7
ISS Oekom	D-	A+	C+ (prime)	C+ (prime)
FTSE4Good	0	5	5.0	3.9

1 DJSI Europe Index: #6, DJSI World Index: #8

3.5 Operating as a trusted company

This chapter covers topics that concern a.s.r. as organisation, and that cannot be traced back easily to specific business segments or product lines. These include the carbon footprint emissions of the Utrecht head office, a.s.r.'s role as responsible taxpayer, its approach towards human rights, political engagement, and the a.s.r. foundation.

3.5.1 Carbon footprint own operations

Pursuing climate-neutral operations is part of the a.s.r. strategy. a.s.r.'s target is to reduce direct CO_2 emissions by 50% in 2025 compared to the base year 2018. a.s.r. actively manages energy consumption, mobility waste and CO_2 emissions in order to minimize its impact on the environment. The remaining emissions are offset via Trees for All.

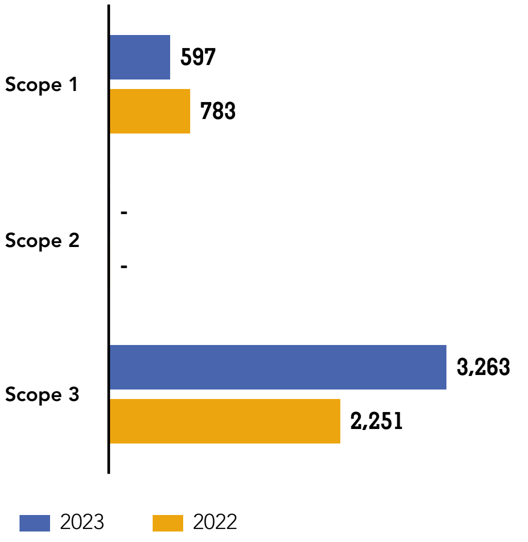
In 2023, the following developments contributed to reducing CO_2 emissions:

- Further electrification of a.s.r.'s lease car fleet;
- Hybrid working (40% at the office, 60% from home).

The figures in the diagram are based on a.s.r.'s head office in Utrecht and are presented in accordance with the Greenhouse Gas Protocol.

Emissions of own activities[1]

(In tonnes CO_2)



Scope 1

At a.s.r., emissions from fuel and heat, cooling and leased cars fall under scope 1.

a.s.r.'s head office in Utrecht has been fully carbon-neutral since 2019 and it has not used gas since mid-2019. The office building itself is heated by means of heat pumps combined with renewable heat and cooling obtained from thermal energy storage (WKO).

In 2023, a.s.r.'s business travel was affected by changes within its lease car fleet. The increase in the share of electric cars to 79% (2022: 64%) contributed to lower emissions from the overall fleet. This was a direct result of the policy introduced in 2021 for all new lease cars to be fully electric. All lease cars are expected to be fully electric by 2026.

Scope 2[2]

Emissions from electricity consumption fall under scope 2.

In 2023, a.s.r.'s head office consumed 48 kWh of purchased energy per m^2 (gross floor area + atriums) (2022: 47 kWh). a.s.r.'s goal is to purchase a maximum of 50 kWh/m^2 by 2030, in line with the Paris Agreement. a.s.r. received a certificate from the Dutch Green Building Council with the Paris Proof qualification for its office in Utrecht, as a recognition that the building meets the Paris Proof standard.

Scope 2 emissions remained at zero, since all electricity consumed was carbon-neutral. The vast proportion of this electricity is generated by European wind turbines.

a.s.r. generated part of its electricity itself using solar cells. At a total of 827,157 kWh, more electricity was generated in 2023 than in previous years, chiefly by replacing and increasing the number of solar panels.

For the second year in a row, a.s.r. supplied surplus electricity back to the grid at a total of 72,782 kWh. A restriction in the resupply of electricity to the grid prevents a.s.r. from fully resupplying the increase in excess energy it generates. a.s.r. is therefore investigating storing its surplus energy in batteries. In order to further alleviate congestion on the electricity grid, a.s.r. this year installed 250 smart charging tools on existing charging stations.

1 Scope 2: Market based approach
2 Based on the market-based approach

Scope 3
Emissions from mobility - excluding Scope 1 mobility (lease cars) - and waste fall under scope 3.

In 2023, CO_2 emissions increased by 1,012 tonnes compared to 2022. This increase was mainly due to increased employee travel resulting from higher office attendance after Covid-19. a.s.r. has an active travel policy to encourage its employees to make sustainable travel choices.

Compensating emissions
Compared with 2018, total reported emissions of own operations fell by 52% (2,464 tonnes), which means that a.s.r. in 2023 already achieved its savings of 50% for the 2018-2025 period.

In 2023, a.s.r. offset the emissions resulting from its scope 1, 2 and 3 activities, expressed in tonnes of CO_2 (3,859 tonnes offset) by planting 20,293 trees through certified Trees for All projects in Bolivia and Mexico. The Trees for All foundation is responsible for sustainable CO_2 sequestration in certified sustainable forest projects.

3.5.2 Socially responsible taxpayer

a.s.r.'s tax policy contributes to its ambition to be a financially reliable and stable organisation with the aim of ensuring that both its short- and long-term commitments towards customers and other stakeholders can be met, thereby creating long-term value. In addition, the outcome of its tax policy is that as a member of society, a.s.r. contributes its fair share to enable and maintain that society. a.s.r. subscribes to the Tax Governance Code developed by the employers' organisation Confederation of Netherlands Industry and Employers (VNO-NCW).

Tax strategy
a.s.r. aims to be a socially responsible taxpayer based on professionally executed tax compliance. It does not apply any tax-aggressive positions. When optimising its tax planning, business considerations always take priority. a.s.r.'s tax policy is published on asrnl.com.

a.s.r.'s tax strategy has been approved and endorsed by the MB. The Audit & Risk Committee (A&RC) of the SB supervises the tax policies pursued in line with the Dutch Corporate Governance Code. The tax policy and tax risks are discussed annually in the A&RC.

Tax control
Group Tax plays a central role in the tax function of a.s.r. and therefore has an important role in embedding the tax strategy in the organisation's day-to-day operations. Group Tax is responsible for the establishment, maintenance and testing of the Tax Control Framework that is part of the broader Risk Management Framework, which in turn sets out the various processes, risks and existing control measures.

Relationship with the Dutch Tax Authority
a.s.r. and the Dutch Tax Authority have concluded the Horizontal Monitoring Covenant (Tax Control Framework). This sets out how a.s.r. and the tax authorities should engage with one another: with mutual trust and in an open, transparent manner. The Horizontal Monitoring has been further developed by the tax authorities into an Individual Monitoring Plan.

Tax rulings
In some cases, it is desirable for a.s.r. to obtain certainty from the tax authorities in advance concerning the application of (often complex) tax legislation and regulations. In such cases, a.s.r. will ask the tax authorities for a prior tax ruling on a tax position which a.s.r. has adopted. With operations almost exclusively within the Netherlands, there are no international tax rulings applicable for a.s.r.

3.5.3 Human rights

a.s.r. has an impact on society and can therefore also have an impact on human rights. a.s.r. aims to positively contribute to creating a more sustainable society by respecting human rights and preventing or reducing the (potential) risks of human rights violations.

a.s.r. has a Human Rights policy in place, that specifies the following elements:

- Which international conventions and guidelines a.s.r. subscribes to and respects;
- How a.s.r. accounts for its responsibility to respect human rights;
- How a.s.r. deals with human rights in its various roles as investor, insurance and financial products and services provider, procurer and employer;
- a.s.r.'s expectations relating to its employees, business and other relevant parties;
- How (potential) human rights violations can be reported.

The Human Rights policy can be found on asrnl.com.

Investments
For a.s.r., the greatest potential negative impacts on human rights reside in its investment portfolio, which is why human rights are one of the key priorities in its Socially Responsible Investment policy (SRI). All of a.s.r.'s existing and new investments are monitored for ESG criteria based on its SRI policy. Countries and companies that fail to comply are excluded. Companies committing systematic and/or gross violations of human rights, or companies that fail to respect the fundamental conventions of the International Labour Organisation (ILO) are excluded from its investment portfolio. If a.s.r. sees any potential for improvement of the situation, it may choose to start an engagement dialogue with the company.

Business customers and partners
In the acceptance process for new business customers, a.s.r. assesses (potential) risks in the sphere of human rights violations. In the Customer Due Diligence policy, human rights violations are a ground for exclusion. An additional assessment of ESG risks, including human rights risks, takes place, if required, as part of the Sustainable Insurance Policy. In 2023, seven business partners were refused on the basis of human rights or labour rights violations.

Retail customers

In 2023, a.s.r. conducted an impact analysis to gauge the extent to which its products and services could negatively impact human rights. The study concluded that as a Dutch insurer, a.s.r. must be attentive to the following:

- Risks relating to privacy;
- Inadequate focus on financial problems among customers (see section 3.1.2);
- Discrimination;
- Exclusion from the provision of products and services;
- Insensitive and/or complex communication;
- Limited access to products and services as a result of digitalisation;
- Failure of players in the value chain to comply with the code of conduct governing insurers.

Since these are risks that apply to the sector as a whole, a.s.r. is looking at how it can contribute to possible solutions in conjunction with the Association of Insurers.

Procurement

a.s.r. has tightened its procurement process, including in the area of human rights. Compliance with human rights and labour rights standards is reviewed during the selection and monitoring of suppliers. This information is used as input for annual, strategic discussions with suppliers. a.s.r. requires suppliers to be diligent in their own business activities and supply chain. In 2023, a.s.r. renewed its Supplier Code of Conduct, which includes expectations regarding compliance with working conditions and human rights principles.

Employees

As an employer, a.s.r. also upholds the right to equal treatment and non-discrimination. At a.s.r., everyone is welcome and treated equally, through awareness of diversity in relation to gender, age, religious conviction, physical and mental capacity, background and sexual orientation. Through its Diversity, Equity and Inclusion policy, a.s.r. strives for a workforce that is a representative reflection of society. The a.s.r. code of conduct pays explicit attention to a safe and pleasant working environment, non-discrimination and inclusion. In 2022 and 2023, a.s.r. launched several initiatives to promote diversity, equity and inclusion within the organisation. The Diversity and Inclusion module of the Denison Scan measures progress on this theme annually. In 2023, a.s.r. was among the top 28% of companies taking part in this module. Each year, a.s.r. also commissions a study on the gender pay gap.

a.s.r. uses various channels to gain insight into workplace safety, such as the annual Vitality Scan, panel discussions following the Risk Inventory and Evaluation (RI&E), eMood® and the Denison Scan. Employees who experience undesirable behaviour such as bullying or discrimination can contact their manager, the HR advisor or the Vitality specialist, external confidential advisors and/or the Grievances Committee. An external confidential advisor was contacted 20 times in 2023 (2022: 21). No complaints were submitted to the Grievances Committee (2022: 0).

3.5.4 Political engagement

a.s.r. operates in nearly all Dutch insurance markets and aims to maintain cordial and transparent working relationships with stakeholders in those markets, public and private.

In fulfilling its role within civil society and as contributor to the "polder" model -the consultative policymaking processes of Dutch politics- a.s.r. values a balanced dialogue with national interest groups, grass-roots initiatives, and legislators. Also, a.s.r. engages in direct contacts with formal government counterparts such as regulatory bodies, government agencies and policy makers. a.s.r. is registered with the EU transparency registry.

The Dutch political year 2023 marked the continuation of several longstanding legislative reforms in healthcare, labour market and housing and, most notably, the implementation of a long-awaited new pensions system which entered into force on July 1, 2023. Since the summer of 2023, Dutch politics have been characterised by the resignation of the Rutte IV cabinet and the resulting elections in November. Until a new ruling coalition is formed, the care-taker government will continue current policies with a light touch whilst newly elected parliamentarians settle in and familiarize themselves via dialogue and exchanges with civil society and private sector.

a.s.r. requires that public affairs, lobbying and political network activities all conform to the highest standards. And to this end a.s.r. is a signatory of the Code of Conduct of the Dutch Association for Public Affairs (*Beroepsvereniging voor Public Affairs*; BVPA) and the Dutch Insurers Code of Conduct.

On occasion, a.s.r. will enter the public debate on matters that are closely linked to the fundamentals of its core markets. In early 2023, a.s.r. recommended that the government recognize institutional investors' considerations when pursuing the political goal of an increase in social housing stock. And in late 2023, a.s.r. chose to publicly emphasize the need for society to re-assess the insurability of looming healthcare costs that accompany demographic change.

More generally, a.s.r. contributes to the political dialogue on industry standards, compliance and other policy developments via its membership and participation in the various business associations that reflect a.s.r. operations, such as:

- Dutch Association of Insurers (*Verbond van Verzekeraars*): € 2,269,000 (2022: € 2,460,000);
- Dutch Association of Institutional Investors in Real Estate (*Vereniging van Institutionele Beleggers in Vastgoed*): € 50,000 (2022: € 50,000);
- Dutch Association of Healthcare Insurers (*Zorgverzekeraars Nederland*): € 601,000 (2022: 653,000);
- Dutch Fund and Asset Management Association: € 29,000;
- Dutch Association of Investors in Sustainable Development (*Vereniging van Beleggers in Duurzame Ontwikkeling*): € 15,000.

In 2023, the total membership fees to these business associations amount to € 2.96 million (2022: € 2.46 million).

In line with its Code of Conduct, a.s.r. does not contribute financially to Dutch political parties.

Linked to its membership of Dutch Association of Insurers, a.s.r. is also included in the VNO-NCW which is assigned a formal role in the Dutch Social and Economic Council (SER), the body that provides official advice on social economic issues to the Dutch government and parliament.

3.5.5 a.s.r. foundation

a.s.r. is committed to promote the social inclusion of different target groups, including socially vulnerable individuals. It helps people to make well-considered financial choices in order to prevent them from getting into debt or to help them get out of debt. a.s.r. encourages its employees to contribute to society alongside their work, either individually, in a team or at home. Employees are given time and financial resources to do so on an annual basis. a.s.r. foundation initiates projects to encourage financial self-reliance and 'helping by doing', with the assistance of a.s.r. volunteers.

Financial self-reliance

Many Dutch citizens struggle to stay on top of their finances. A poorly organised personal administration increases the risk of getting into debt. a.s.r. foundation therefore supports households with (a risk of problematical) debts to get their financial records on track.

Half of all people with financial problems have a low literacy rate. a.s.r. believes that financial education and developing language in children and young people is crucial and helps parents to teach their children to become financially literate. In 2023, 281 (2022: 224) a.s.r. employees volunteered 5,930 hours (2022: 4,074), for example by giving guest lectures at schools or becoming a financial buddy (financial home visitor).

Helping by doing

There are many vulnerable groups in the Netherlands who need help and encouragement to get by. Community-based organisations which provide such support often depend on volunteers. a.s.r. encourages its employees to give their time and effort to these causes. Volunteers can get involved in social activities either individually or as part of a team.

Each year, a.s.r. teams are given the opportunity to help community organisations, such as helping to run activities at the 'Sherpa' day care campsite or doing odd jobs at the Horsewise riding therapy centre.

With the Stimulusplan, a.s.r. supports the personal initiatives of employees who volunteer in their own time for the benefit of a community organisation. by means of an incentive (encouragement) plan. In 2023 1,299 (2022: 1,038) a.s.r. employees volunteered in 107 (2022: 118) different activities.

Doenkracht

As of 2024, a.s.r. will continue the activities of Aegon NLs' Step Forward programme and of the a.s.r. foundation under the name Doenkracht.

With Doenkracht, a.s.r. joins forces and helps by doing. This will be achieved through projects aimed at getting people to make conscious financial choices. So that more and more people in the Netherlands become financially aware, resilient and empowered. a.s.r. realises this by funding educational programmes and giving guest lectures at schools, among other things.

Furthermore, in five cities where a.s.r. has a branch, Utrecht, Heerlen, Enschede, Leeuwarden and Groningen, a.s.r. will join forces with partners to support projects and programmes that will help people with (imminent) problematic debts to find a sustainable way out of that situation. a.s.r. employees also visit people's homes to help them get their financial affairs back in order.

In addition, Doenkracht helps with organising team activities such as working together to do a job for a social institution. If a colleague takes action to support a good cause, a.s.r. often gives a helping hand through the Stimulusplan of Doenkracht.

For more information about Doenkracht, visit the a.s.r. website.

3.6 Managing risks

Risk management is an integral part of a.s.r.'s day-to-day business operations. a.s.r. applies an integrated approach to managing risks and ensuring that business targets are met. Value is created by striking the right balance between risk, return and capital whilst ensuring that obligations to stakeholders are met. a.s.r.'s approach to manage risks is described below.

3.6.1 Risk governance

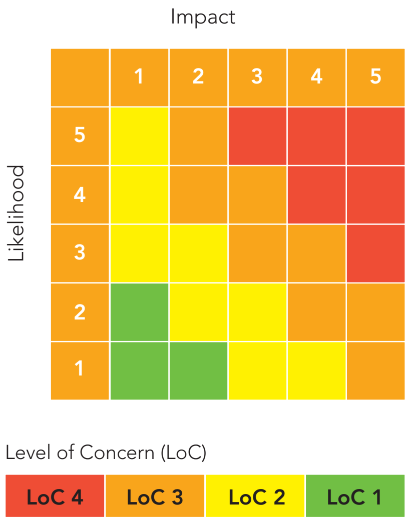
The risks identified are clustered into:

- Strategic risks;
- Emerging risks;
- Financial risks;
- Non-financial risks.

3.6.1.1 Management of strategic risks and emerging risks

a.s.r.'s risk priorities are defined as the main strategic risks which could materially affect its strategic, financial and non-financial targets. a.s.r.'s risk priorities and emerging risks are defined annually by the MB, based on strategic risk analyses.

Definition of strategic risk concerns the most important risks of a.s.r. that prevent the achievement of the strategic objectives and definition of emerging risk concerns new or existing risks with a potentially major impact, in which the level of risk is hard to define. To gauge the degree of risk, a.s.r. uses a risk scale (see image) based on likelihood and impact (Level of Concern). For each risk priority, the degree of risk is determined for the gross and net risks. Gross risk is the degree of risk when no (control) measures are in place. Net risk is the degree of risk with mitigating (control) measures in place. If the degree of risk of a risk priority is not within a.s.r.'s risk appetite, then additional actions are taken in order to include the risk priority within the risk appetite. a.s.r.'s risk priorities and emerging risks are described in section 3.6.3.



3.6.1.2 Management of financial risks

Financial risk appetite statements (RAS) are in place to manage a.s.r.'s financial risk profile within the limits; see section 7.8.1.1.1. a.s.r. aims for an optimum trade-off between risk, return and capital. Steering on risk, return and capital takes place through decision-making on the entire product cycle, from the Product Approval & Review Process (PARP) to the payment of benefits and claims. At a more strategic level, decision-making takes place through balance sheet management. A robust solvency position takes precedence over profit, premium income and direct investment income.

Risk tolerance levels and limits are disclosed in the financial RAS and are monitored by the Financial Risk Committee (FRC). The FRC evaluates financial risk (FR) positions against the RAS on a monthly basis. Where appropriate, a.s.r. applies additional mitigating measures. In 2023, the Actuarial Function (AF) performed its regulatory tasks by assessing the adequacy of the Solvency II technical provisions, giving an opinion on reinsurance and underwriting, contributing to the Risk Management Framework and supporting the Risk Management Function (RMF). The AF report on these topics was discussed by the MB, FRC and A&RC. See section 7.8 for further information.

3.6.1.3 Management of non-financial risks

Non-financial risk appetite statements (RAS) are in place to manage a.s.r.'s non-financial risk profile within the limits; see section 7.8.1.1.1. The non-financial risk profile and internal control performance of each business line is discussed with senior management in the business risk committees each quarter. The Non-Financial Risk Committee (NFRC) monitors and discusses on a quarterly basis whether non-financial risks (NFR) are adequately managed. Should the risk profile exceed the risk appetite, the NFRC will decide on the steps to be taken.

a.s.r. employees gain risk management knowledge and skills through the implementation of risk management policies, procedures and practices and the execution and testing of controls within business processes for sound and controlled business operations. Training courses that cover the main risk-related topics, presentations, workshops, gamification and the use of governance, risk & compliance tooling also contribute to this. Courses include, for example, sustainability risk specifically ESG factors to better understand and identify material risks. In addition, risk management employees keep their knowledge and skills up to date through training courses - including in the context of permanent education - that cover specific risk-related topics.

3.6.2 Risk appetite

Risk appetite is defined as the level and type of risk a.s.r. is willing to bear in order to meet its targets while maintaining the right balance between risk, return and capital. a.s.r.'s risk appetite contains a number of qualitative and quantitative Risk Appetite Statement (RAS) and gives direction to the management of both financial risks (FR) and non-financial risks (NFR). The statements highlight the organisation's risk preferences and limits and are viewed as key elements for the realisation of a.s.r.'s strategy.

According to the annual risk management cycle in 2023, to ensure alignment with a.s.r.'s (risk) strategy, the RAS and RAS limits were evaluated and updated by the MB and approved by the SB. The RAS of a.s.r. can be found in section 7.8.1.1.1.

3.6.3 Identified risks

The risks identified are clustered into:

- Strategic risks;
- Emerging risks;
- Financial risks;
- Non-financial risks.

3.6.3.1 Strategic risks

In 2023, a.s.r.'s strategic risk priorities were:

- Geopolitical and economic uncertainty;
- Climate change and energy transition;
- Cyber- and information security;
- Impact of supervision, legislation and regulations, and juridification of society;
- Biodiversity loss and damage to natural ecosystems;
- Integration of Aegon NL (from 4 July 2023);
- Unit linked insurance.

3.6.3.1.1 Geopolitical and economic uncertainty

Geopolitical tensions have increased sharply in recent years. Conflicts have arisen between countries, ranging from sanctions and protectionist measures to wars and terrorist attacks. These include, for example, the recent conflicts in the Middle East and the long-running war in Ukraine. As a result the world is undergoing diminishing interdependence and integration (de-globalisation). These conflicts can have an impact on matters including energy prices and inflation.

The past decade was characterised by many years of stable low inflation and low interest rates, well below long-term equilibrium levels. However, in 2022, inflation rose to record levels, partly due to changed supply and demand in products and services. Since then, inflation decreased. Following high inflation, a.s.r. also saw a rise in interest rates in 2022 and 2023, by the end of 2023 interest rates have also decreased (stagflation). However, the possibility of the economy falling into recession and interest rates falling cannot be ruled out.

a.s.r. monitors and assesses relevant geopolitical and economic developments for possible risks, and implements appropriate control measures, including the following:

- In the annual Strategic Asset Allocation (SAA) study, a.s.r. examines several possible economic scenarios, including stagflation. In the interim, follow-up analyses can be carried out. If necessary, this results in adjustments to the investment policy, in order to reduce solvency risks;
- Depending on economic developments, interest rates and inflation hedges will be adjusted, taking into account the indirect effects from other asset classes;
- Depending on the level and duration of inflation – and thus the impact on a.s.r. due to, among other things, higher claims costs – possible premium increases will be implemented to offset inflation. When this is not possible it leads to a lower result and solvency.

3.6.3.1.2 Climate change and energy transition

Climate change and the energy transition affect insurable risks and investments. a.s.r. wants to minimise its negative impact on the climate and, where possible, to make a positive contribution to climate mitigation and adaptation through its investments, products and services.

Climate-related risks are divided into physical and transition risks. Physical risks can be acute, such as extreme weather events, or chronic when they arise from gradual changes such as water shortages, rising temperatures or rising sea levels. The transition to a climate-neutral society requires changes in legislation and regulations, adapted supervision, technological developments and results in changes in customer preferences/needs and market changes. a.s.r. monitors and assesses relevant developments for possible climate-related risks and implements appropriate control measures.

Climate change is taken into account in the products and services that a.s.r. develops and offers. To mitigate transition risks, a.s.r. cooperates with several research institutes, reinsurers and other insurers, and with experts in order to gain as much knowledge as possible about new technologies. These alliances enable a.s.r. to determine the right price and conditions to insure these risks in a responsible manner.

As a transition risk, a.s.r. recognises reputation risk. This refers to the risk of a.s.r. falling behind its own ambitions on climate change and biodiversity loss and/or key stakeholder expectations.

Climate change and biodiversity loss also create sustainability litigation risks. a.s.r. expects litigation in relation to the transition to a low-carbon economy to rise. This includes complaints and/or litigation on transition planning and holding companies responsible for reducing greenhouse gas emissions as well as complaints and/or litigation in relation to sustainability claims and targets, including greenwashing and mis-selling claims. There is a risk that a.s.r. may also become subject to claims and/or litigation in this regard. Claims and/or litigation may also be brought against directors individually. In addition, there is increased attention from regulators and supervisory authorities on sustainability claims and greenwashing. Moreover, current and future laws and regulations regarding sustainability may contribute to these risks. a.s.r. closely monitors these developments and takes action if and where needed. There is however a risk that these complaints, claims, litigation, regulatory actions and/or supervisory actions or sanctions may have a material adverse impact on a.s.r.'s business, reputation, revenues, results of operation, solvency, financial condition and prospects.

3.6.3.1.3 Cyber and information security

Technological development results in opportunities and threats through ongoing digitisation and automation at both a.s.r. and its IT suppliers. IT risks related to cyber, information security, IT outsourcing, data and digitisation are persistently high, due to a constant threat from cyber criminals and the visible growth of ransomware attacks. In addition, the use of IT outsourcing (including the use of cloud services), the growing volume of (sensitive) data, the increased use of new applications for digitisation (including the use of data) and automation, increases the importance of IT risk management. The financial sector remains ever vigilant as a result of the increased geopolitical tensions. The cyber risk grows where there are insufficient safe systems, malpractice through deployment of artificial intelligence such as deepfake technology and/or undesirable human actions.

a.s.r. monitors and assesses relevant developments of these cyber and information security risks and implements appropriate control measures, both internally and at its IT suppliers.

a.s.r. has implemented a system of measures based on international standards. a.s.r. actively monitors the threat landscape and invests in prevention, detection and response skills and technology to strengthen its cyber resilience, so that customers can continue to rely on a.s.r.'s secure digital services. If a.s.r. is hit by a serious comprehensive ransomware attack, only an 'offline backup' can restore business continuity. Due to the time required to investigate the cause of the cyber attack and the time required for recovery, the impact is still very high. a.s.r. is taking several other measures, including an information security awareness programme, to improve employee awareness and behaviour in relation to information security. Specific tooling is used to increase the necessary mindset and skillset, such as Gamification and phishing campaigns.

a.s.r. is actively involved in partnerships with financial institutions and public governing bodies, such as the National Cyber Security Centre (NCSC), the Digital Trust Centre (DTC), Insurance-ISAC, Insurance-CERT and the DNB Threat Intel Based Ethical Red-team programme (TIBER-NL). The aim is to share information to improve the financial sector's resilience to cyber risks. Being cyber resilient is important for a.s.r. as it contributes to its customer-oriented strategy. Customer trust is a great asset in this regard, and cyber resilience contributes towards this.

a.s.r. informs those affected in the case of high risks and/or possible consequences and when those affected are required to take measures to mitigate risks. Additional management measures are being taken, for example, with the implementation of Digital Operational Resilience Act (DORA), to increase resilience and further protect (customer) information.

3.6.3.1.4 Impact of supervision, legislation and regulations, and juridification of society

The legal and regulatory environment of a.s.r. is subject to continuous change. Examples include changes to Solvency II, IFRS and Customer Due Diligence rules, and the introduction of new or enhanced sustainability requirements, such as through the CSRD and EU Taxonomy Regulation. In addition, cyber and information security requirements, as well as data-focussed legislation, such as the AI Act for Artificial Intelligence is introduced. A large number of new regulations need to be interpreted and implemented within a short period of time. At the same time, not all regulations are final at this point. Related developments, such as the Solvency II review affect a.s.r.'s capital requirement and solvency position.

Another dimension is the impact of possible political choices, such as government intervention in the social insurance and pensions systems. This may have an impact on a.s.r.'s strategic direction and products. Among other things, these developments lead to more personal responsibility and choices for citizens. This places heavier demands on providers to support and guide their customers (digitally) in this regard.

There is also an ongoing focus among regulators, government and society on privacy, the use of data and the gatekeeper function of the financial sector in the battle against matters such as money laundering, terrorist financing and tax evasion. This is characterised by more data-driven and rule-based supervision and stricter requirements for demonstrable (non-)financial risk management. Another aspect of this risk is the juridification of society. One example is the introduction of legislation in the field of settlement of large-scale losses in class actions. Another aspect here is the legalisation of society and a trend of customer protection. This plays out, among other things, in ex officio review of potentially unfair terms. An example is recent case law on rent indexation and uncertainty about the outcome of (other) legal disputes at a.s.r. and other financial institutions.

a.s.r. monitors and assesses relevant developments for possible legislative risks and implements appropriate control measures.

On key themes, programmes and/or projects are set up to ensure sound implementation, such as the implementation of sustainability (CRSD) legislation and regulations. Depending on the consequences of legislation and regulations, supervisory climate and juridification of society, and thus the impact on a.s.r. through factors such as higher internal costs, premium increases may be implemented to offset these consequences.

Solvency II

On December 14, 2023, a political agreement was reached on amendments to the Solvency II Directive, following the 2020 review of the Solvency II framework. The formal adoption of the amendments to the directive is expected to take place by April 2024. The amendments are expected to take effect in EU member states by mid 2026 or 1st of January 2027. The proposed amendments consist of various changes to the Solvency II framework, affecting most notably the liability discount curve, the risk margin and the volatility adjustment (VA), the equity risk module for the SCR calculation, the introduction of a prudential climate-transition plan and sustainability-related considerations in the prudent person principle and in the ORSA and group supervision. Some measures could include a phase-in period. The amendments to the Solvency II Directive will require amendments to the Solvency II Delegated Regulation and/or the introduction of additional delegated acts and guidelines, to be developed by EIOPA.

In addition to the revisions to the Solvency II Directive, an agreement was reached on the Insurance Recovery and Resolution Directive (IRRD), which provides for recovery and resolution framework for insurance companies at European level and to be implemented by EU member states, comparable to the Act on Insurance Recovery and Resolution, currently in force in the Netherlands.

IFRS 17 & IFRS 9
Since 2017, a.s.r. has had an internal programme in place for the implementation of IFRS 17 and IFRS 9 throughout the Group, and has completed this programme during 2023. Relevant systems have been brought into production and processes and controls have been implemented.

In the second quarter of 2023, a.s.r. also finalised the 2022 opening balance sheet. In the 2022 consolidated financial statements a provisional 2022 opening balance sheet was presented due to uncertainties in the valuation of insurance liabilities. During the first half year of 2023, certain updates of assumptions and model improvements were implemented and the uncertainties were resolved. IFRS 17 and IFRS 9 had a major impact on the Group's primary financial processing and reporting and had a significant effect on the financial statements and related KPIs. Finance, Risk, Audit and the business segments have all been given due attention in the programmes due to the need to develop an integrated vision. For more information, see section 7.3.1.

Customer Due Diligence (CDD)
CDD risk (including anti-money laundering) remains relevant for a.s.r. in order to guarantee sound and controlled business operations. To mitigate the risks of non-compliance relating to CDD, a.s.r. centralised a major part of its CDD screening and tooling. a.s.r. has set up a CDD Centre that centrally manages compliance with CDD policy and reports centrally on this. The CDD Centre executes an action plan to further shape compliance with the relevant laws and regulations. The CDD Centre uses the advice of the central CDD desk consisting of Compliance, Investigations, Legal and representatives of the business segments.

In response to Russia's invasion of Ukraine, a large number of natural persons, legal entities and institutions have been placed on EU sanctions lists. The business units are immediately notified of new additions to the sanctions lists, which require immediate additional screening in addition to continuous screening. No new 'hits' were reported during 2023.

Sustainability Regulations
a.s.r. is subject to sustainability regulation, which continues to evolve. Currently, a.s.r. is required to publicly report on non-financial information under the Non-Financial Reporting Directive (NFRD). As of next year, the NFRD-requirements will be replaced by the requirements of the Corporate Sustainability Reporting Directive (CSRD). The CSRD will require a.s.r. to report on sustainability matters in the management report of the Annual Report, in accordance with detailed reporting standards, referred to as ESRS, established by the European Commission, based on technical advice by the European Financial Reporting Advisory Group (EFRAG).

In addition, as of the financial year 2023, a.s.r. starts to report in accordance with article 8 of the EU Taxonomy Regulation. This provision requires companies, subject to the NFRD, to report on the eligibility for and alignment with the EU Taxonomy Regulation and accordingly, qualify as sustainable pursuant to the EU Taxonomy. The EU Taxonomy Regulation will be further developed over time.

Furthermore, amendments to existing regulatory frameworks, such as Solvency II, IDD, MiFID II and AIFMD have been enacted in 2022 to include sustainability considerations into various parts of these frameworks, affecting product development, advice, risk management, including the ORSA, capital requirements, investment rules and disclosure requirements relating to financial products. Further amendments to the relevant frameworks are expected, such as through the amendment of Solvency II Directive, discussed above.

Additionally, the Sustainable Finance Disclosure Regulation (SFDR) requires financial service providers to make available product-level and entity-level information on the sustainability of their products and services.

Lastly, the Corporate Sustainability Due Diligence Directive (CSDDD), if and when adopted, will require a.s.r. to identify, prevent, mitigate and account for negative human rights and environmental impacts in its own operations, subsidiaries and their value chain (limited to their upstream value chain), as well as to develop and maintain a climate change transition plan. The financial sector will temporarily partly be excluded from the CSDDD, with respect to due diligence on their down-stream value chain. This exclusion will be reviewed over time.

The developments in sustainability regulations and the impact of these developments on a.s.r. are continuously monitored.

Digital and Data
An increase in legislation and regulations has also occurred in the cyber and information security fields, such as the Digital Operational Resilience Act (DORA), European AI Regulation, the Digital Markets Act Financial Data Access (FiDA) Regulation and the Data Act, Cyber Resilience Act and requirements from the new Corporate Governance Code regarding the role of management in cyber security measures.

3.6.3.1.5 Biodiversity loss and damage to natural ecosystems
Biodiversity loss and damage to natural ecosystems affect insurable risks and investments. a.s.r. wants to minimise its negative impact on the environment and, where possible, to make a positive contribution to biodiversity loss through its investments, products and services.

Biodiversity-related risks are divided into physical and transition risks. Physical risks can be acute, such as deforestation, or chronic when they arise from gradual changes such as decrease in the quality of air, water and soil. The transition to a climate-neutral society requires changes in legislation and regulations, adapted supervision, technological developments and results in market changes and changes in customer preferences.

a.s.r. monitors and assesses relevant developments for possible biodiversity-related risks and implements appropriate control measures.

Developments from biodiversity loss and ecosystem damage are taken into account in the products and services that a.s.r. develops and offers. The actual impact on a.s.r.'s investments, products and services will be mapped by 2024 through application of the Taskforce on Nature-related Financial Disclosures (TNFD) framework, see section 6.2. To identify key developments and anticipate them in a timely manner, business units of a.s.r. have formulated responsibilities in governance and participate in various collaborations with third parties.

To continue to adequately address the mitigation and adaptation of environmental risks, a.s.r. will continuously tighten its policies and measures.

3.6.3.1.6 Integration of Aegon NL

The integration of Aegon NL has an impact on the organisation, processes, systems, products, services and suppliers. The integration process is expected to be largely complete within three years.

Integration risks related to the strategy, organisation, processes, systems, products, services and suppliers may arise. Unforeseen financial and non-financial risks at Aegon NL may arise through potential accumulation of risks and complexity, for instance in insurance or financial systems, the reporting process, and in cyber/information security. There is also the risk that not all the envisaged synergies will be realised.

Central steering and collaboration at a.s.r. level are necessary for the implementation of the changes, as well as the correct deployment of necessary competencies. The planned integration of Aegon NL offers prospects of work and development for employees, certainly in the current tight labour market.

a.s.r. could suffer direct or indirect financial losses as a result of the integration or of additional policy measures that must be taken in order to control unforeseen risks.

a.s.r. conducted a risk analysis prior to the acquisition of Aegon NL, and took mitigating measures where necessary prior to the (intended) acquisition. Risks are also faced during the integration, with these being closely monitored.

3.6.3.1.7 Unit linked insurance

Holders of products[1] where the customer bears all or part of the investment risk, or customer protection organisations acting on their behalf, have filed claims or proceedings against a.s.r. and may continue to do so. Such litigation and actions taken by regulators or governmental authorities against a.s.r. or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect 's insurance business and, as a result, may have a material adverse effect on a.s.r.'s business, reputation, revenues, results, solvency and financial condition.

In the Netherlands, certain customers and/or customer protection organisations acting on their behalf, have initiated litigation regarding individual unit-linked life insurance policies and continue to do so. The issue came to light after the AFM performed industry-wide research in 2006 in which it identified issues regarding cost transparency and cost levels in unit-linked insurance products. Since the end of 2006, individual unit-linked life insurance products have received negative attention in the Dutch media, from the Dutch Parliament, the AFM, customer and customer protection organisations. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds in current and may be so in future legal proceedings. In particular, challengers have claimed that the costs associated with the policies are too high and that the return on investment was not what was expected. The criticism of unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In addition, on 29 November 2023 a.s.r. reached a settlement with five customer protection organisations.

In recent years there has been and there continues to be adverse political, regulatory and public attention focused on unit-linked policies. This has resulted in negative sentiment regarding the products. In total, a.s.r. has sold approximately 1.1 million individual unit-linked life insurance policies, primarily in the period between 1995 and 2000. As at 30 June 2023, the book of policies of a.s.r. included approximately 180,000 active individual unit-linked life insurance policies with recurring or single premiums. In total, Aegon has sold approximately 2.2 million individual unit-linked life insurance policies, primarily in the period between 1995 and 2000. As at 30 June 2023, the book of policies of Aegon NL included approximately 320,000 active individual unit-linked life insurance policies with recurring or single premiums. The unit-linked life insurance products of a.s.r. have been sold over several decades by multiple predecessors of a.s.r. Consequently, a.s.r. has a large variety of products with different product features and conditions.

Moreover, a.s.r. has in the past in the Netherlands sold, issued or advised on large numbers of insurance or investment products that have one or more product characteristics similar to those individual unit-linked products that have been the subject of the scrutiny, adverse publicity and claims in the Netherlands. Given the continuous political, regulatory and public attention to the unit-linked issue in the Netherlands, the increase in legal proceedings and claim initiatives in the Netherlands and the legislative and regulatory developments in Europe to further increase and strengthen customer protection in general, there is a risk that unit-linked products and other insurance and investment products sold, issued or advised on by a.s.r. may become subject to the same or similar levels of political, regulatory and public attention claims or actions by customers, customer protection organisations, regulators or governmental authorities.

1 a.s.r. and Aegon NL products.

There is a risk that one or more of the claims and/or allegations related to unit-linked life insurance products will succeed. Although a ruling by a court, including the European Court of Justice, against a.s.r. or other Dutch insurance companies in respect of unit-linked products would only be legally binding for the parties that are involved in the procedure, such a ruling might be relevant or applicable to other unit-linked life insurance policies sold by a.s.r. A ruling may force a.s.r. to take financial measures that could have a substantial impact on the financial condition, results of operations, solvency or the reputation of a.s.r.

To date, a number of rulings regarding unit-linked life insurance products in specific cases have been issued by the FSCB and Courts (of appeal) in the Netherlands against a.s.r. and other insurers. In these proceedings, different (legal) approaches have been taken to come to a ruling. The outcome of these rulings is diverse. Because the book of policies of a.s.r. dates back many years, contains a variety of products with different features and conditions and because of the fact that rulings are diverse, it is not possible to make a reliable estimation of the impact should one or more of these allegations and/or claims succeed. On 29 November 2023, a.s.r. has reached a settlement for unit-linked life insurance customers of a.s.r. affiliated to the customerprotection organisations *Consumentenclaim*, *Woekerpolis.nl*, *Woekerpolisproces*, *Wakkerpolis* and *Consumentenbond*. Condition for this settlement is that 90 % of the affiliated customers (of the customer protection organisations) agree with the settlement. As soon as this condition is met, the collective actions that these customer protection organisations have initiated in the past, will end. As soon as the 90% threshold is met, the risks involved in these proceedings are eliminated. Nevertheless, there still is a risk that one or more pending or future claims from individual customers and/or customer protection organisations could succeed. Also, there is a risk that other and/or new customer protection organisations will initiate a law suit or collective action against a.s.r. If one or more of these allegations or claims should succeed, the financial consequences could be substantial for a.s.r. and as a result could have an adverse material effect on a.s.r.'s business, reputation, revenues, results of operation, solvency, financial condition and prospects.

3.6.3.2 Emerging risks

In 2023, the emerging risks identified for a.s.r. were:

- Changes in society;
- New pandemics;
- Quantum computing.

3.6.3.2.1 Changes in society

Society in the Netherlands has become fragmented, polarised, and individualised. Social dynamics of the changing welfare state (social system) also play a role. These circumstances divide society into people who are able to adapt to these changes and those who are not. The causes include:

- Demographic developments, including urbanisation, ageing, more singles and single-parent families and an increase in immigration. Moreover, inequality can be triggered by government intervention.
- Financial developments, including increasing disparities between rich and poor resulting in greater political uncertainty, like populism;
- Social developments, including increasing differences between the theoretically educated and the more practically educated and changes in income security through contract forms and jobs. In addition, conspiracy thinking is on the rise;
- Technological developments, including automation, digitisation, artificial intelligence, the Internet of Things, new forms of mobility such as (shared) electric cars and 'pay for use' propositions.

The role of insurers in society is changing as these new developments impact on how insurers invest, how they market products and how they deliver services. Supporting processes and technology also need adaptation in order to align with new demands, as well as implementing data-driven requirements needed by customers and regulators in the light of social change. The course of developments and the (long-term) consequences for society, the economy and a.s.r. are inherently uncertain and potentially large.

a.s.r. monitors and assesses relevant developments for possible risks and implements appropriate control measures. In doing so, a.s.r. periodically monitors the progress of claims and determines what impact a.s.r. has on the changing society through its investments, products and services. To identify developments and anticipate them in a timely manner, business units of a.s.r. have formulated responsibilities in governance and participate in various collaborations.

Measures taken by a.s.r. are the continuous improvement of processes, systems, products, services, including insurability and insurance rates and data quality for data-driven applications, as well as implementation of technological developments, including learning to use algorithms and understanding their capabilities and potential risks.

3.6.3.2.2 New pandemics

The impact of the Covid-19 pandemic on a.s.r.'s strategic objectives, operational processes and financial performance proved to be limited. The course of a pandemic and the (long-term) consequences for society, the economy and a.s.r. are inherently uncertain and potentially large.

There is a risk that society will face new impactful (global) infectious diseases or changing patterns of infectious diseases in the future. Possible causes include climate change and population growth. There is also another uncertainty in zoonoses (infectious diseases that can pass from animals to humans) that can lead to new diseases or variants of known diseases that can be (extremely) harmful to health. People may also experience long-term symptoms after infection.

a.s.r. monitors and assesses relevant developments for possible risks and implements appropriate control measures.

Key control measures in place at a.s.r. to mitigate risks are:

- a.s.r. developed policies and procedures, measures and steering information to manage the impact of the Covid-19 pandemic. These resources and the lessons learned provide input for managing the impact of any new pandemic. A crisis organisation is in place which is activated when needed;

- a.s.r. contributes to the government's approach by following basic measures to prevent the spread of any pandemics. In a broader sense, strategic developments such as continuously strengthening the physical and mental fitness of employees and encouraging exercise and a healthy lifestyle among customers/employees (a.s.r. Vitality) contribute to increasing the resilience of a.s.r. and its environment.

3.6.3.2.3 Quantum computing

Quantum computing is changing the way calculations are done and provides substantially more computing power. This affects applications based on complex computations, such as scenario analysis, artificial intelligence models and cryptographic encryption. Parts of the cyber security/information security of a.s.r. rely on cryptographic encryption of data and passwords.

The General Intelligence and Security Service (*Algemene Inlichtingen- en Veiligheidsdienst*; AIVD) released a handbook on 4 April 2023 that supports organisations with concrete steps and advice to mitigate the threat of quantum computing to cryptography. The moment at which quantum computing will pose a threat to cryptography currently in use is unpredictable. The AIVD warns that regardless of this uncertainty, organisations will still need to work on solutions now because of the risk posed by quantum computing. In this context, the AIVD proposes advice to organisations processing data that should remain confidential even as long as 20 years from now, and specifically mentions insurers. In addition, the AIVD indicates that the most promising solution is 'post-quantum cryptography' (PQC). PQC works with algorithms that are also secure against quantum attackers.

a.s.r. monitors and assesses relevant developments for possible risks and implements appropriate control measures.

3.6.3.3 Financial risks

Currently, financial risks arise in particular from the war in Ukraine and Middle-east (see also the description under emerging risk 'Geopolitical instability'). High inflation may persist for longer than initially expected. Central banks have raised interest rates to limit inflation. Lower customer and investor confidence could hurt the real economy. For residential property there are court cases relating to the indexation of the rent as included in standard contracts (in line with ROZ standards), which is market practice and applied in a.s.r.'s portfolio. The outcome is unclear at this point and a case proceeds to the Dutch Supreme Court. The legal proceeding might take a long time, leading to market uncertainty in the interim.

Fears of a global stagflation scenario have increased. For more details on the financial risk management, please see section 7.8.

3.6.3.4 Non-financial risks

In addition to strategic and financial risks, a.s.r. has recognised several non-financial risks. In 2023, the most relevant of these were:

- Outsourcing;
- Data quality;
- Artificial Intelligence.

3.6.3.4.1 Outsourcing

Outsourcing risk continues to be relevant for a.s.r., especially in view of cyber resilience and growing dependence on suppliers. The risks related to outsourcing are managed and reported as part of the overall operational risk profile. An outsourcing framework is in place to define responsibilities, processes, risk assessments and mandatory controls. a.s.r. collaborates with a service provider for collecting and validating supplier information. The goal is to expand the available information from this database, as well as the number of connected suppliers. The insight obtained from this database supports the implementation of regulatory developments for suppliers such as CSRD and DORA. Furthermore a.s.r. has drawn up a code of conduct to provide clarity about key principles in the field of sustainable procurement. a.s.r. invites suppliers to work together on solutions that support sustainable business.

3.6.3.4.2 Data quality

Sound data quality is important for a.s.r. in relation to financial and non-financial (including regulatory) reporting (Solvency II, IFRS, CRSD) and the digital transformation and ambitions that it pursues. In this regard, insufficient data quality could pose a threat to the degree to which:

- Processes can be digitised;
- Operations can be made efficient;
- The front-end of the business can be transformed;
- Customer and advisory relationships/connections can be enhanced.

As such, a.s.r. recognises the importance of sound data quality (both financial and non-financial). To uphold the reliability and confidentiality of its data, a.s.r. has an explicit data quality policy in place defining the data quality (including control) framework and data governance. Adherence to this policy is ensured by the three lines of the defence risk governance model. With a dedicated Central Data Office under the direction of the Chief Data Officer, additional measures are taken to increase maturity in data management practices.

3.6.3.4.3 Artificial Intelligence

The use of artificial intelligence (AI) delivers speed and simplicity in business processes and customer experience throughout a.s.r. Oversight of AI and a strategy on AI deployment is part of the central data governance within a.s.r. and is managed by the Central Data Officer.

After adoption of the AI Act by the EU, its impact will be assessed and addressed within the risk policy. The robustness needed for dependable and safe use of AI is an inherent part of quality assurance within a.s.r. The technical and performance requirements needed are already factored into regulatory and industry standards. Standards for statistical accuracy and bias mitigation, cyber security or data quality exist and are updated accordingly.

a.s.r.'s generic blueprint of developing and bringing AI models to production ensures that basic measures and requirements are consistently applied. This blueprint entails a standard process, with assigned roles, tasks and responsibilities to create a closed-loop environment for delivering high quality models. Since use cases will differ in degrees of risk exposure and levels of control, specific use case risks are addressed and mitigated. If measures and calibrations are more widely applicable, the responsible parties ensure adjustment of the blueprint or required standards.

Furthermore, all data applications and processes of data-driven decision making that pose ethical risks, are subjected to the ethical framework for data-driven applications. This ethical framework is part of the binding self-regulation from the Dutch Association of Insurers and ensures ethically aware use of data in all key processes that impact the stakeholders concerned. More context about this framework can be found in section 3.7.4 Ethical framework for data-driven applications and decision-making.

3.7 Ensuring compliance

The Compliance department is a centralised function within a.s.r., headed by the compliance key function-holder for both a.s.r. and its subsidiaries. Being part of the second line of defence, Compliance is considered a key function in line with the Solvency II regulation. The Compliance key function-holder is hierarchically managed by and reports to the CRO, a Member of the Management Board. The CRO ensures that the Compliance annual plan proposed by the Compliance key function-holder is adopted by the Management Board.

To enhance and ensure sound and controlled business operations, Compliance is responsible for:

- Encouraging compliance with relevant legislation and regulations, self-regulation, ethical standards and the internal standards derived from them (the rules), by providing advice and drafting policies;
- Monitoring compliance with the rules;
- Monitoring management of compliance risks by further developing adequate compliance risk management, including, where necessary, advising on business measures and actions;
- Creating awareness of the need to comply with the rules and desired ethical behaviour;
- Interaction with regulators in order to maintain effective and transparent relationships.

The compliance manager also has an escalation line to the CEO and/or the Chair of the A&RC and/or the Chair of the SB in order to safeguard the independent position of the compliance function and to allow it to operate autonomously.

The compliance manager issues quarterly reports on compliance matters and on the progress made with regard to recommended business measures and actions at Group level, supervised entity (OTSO) level and business line level. The quarterly report at the divisional level is discussed with the management responsible and with the relevant Business Risk committees. The quarterly report at Group and OTSO levels is presented to and discussed with members of the MB, with the Non-Financial Risk Committee, with the Risk Committee and with the A&RC of the SB. The report is shared and discussed with Dutch Central Bank (*De Nederlandsche Bank*; DNB), the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*; AFM) and the internal and external auditors.

With a view to the institution of the compliance function in connection with the integration of Aegon NL, Compliance set up a number of work flows in order to further develop the integration of the compliance function.The matters considered in this context included the standardisation of policies processes, monitoring and reports, including the best practices of Aegon NL. The Compliance department itself, which will be integrated in 2024 and tailored to the new a.s.r. organisation, was also taken into consideration.

3.7.1 Compliance risks

Developments in legislation and in the management of (identified) compliance risks and action plans provide the basis for the annual compliance plan and compliance monitoring activities. a.s.r. continuously monitors changing legislation and regulations and assesses their impact on a.s.r. and the corresponding measures to be taken.

In 2023, a.s.r. paid specific attention to:

- Customer Due Diligence (CDD), including Anti-Money Laundering and Anti-Terrorist Financing;
- Privacy laws and regulations, including the General Data Protection Regulation (GDPR). a.s.r. considers it important that personal data are handled with care;
- Sustainability regulation, such as the SFDR, the EU Taxonomy Regulation and the CSRD. Increasing attention has been given to sustainability and the implementation of regulations as part of the EU Green Deal, as well as to expressions in the field of sustainability;
- The further development and safeguarding of the PARP, in collaboration with the PARP Board and the relevant business units;
- Compliance participated in the so-called baseline risk measurement which started immediately after the Aegon NL transaction was completed.

a.s.r. monitors sound and controlled business operations, including the management of reputational risks. The framework for monitoring and reviewing is based on the rules, regulations and standards of a.s.r. itself, including the a.s.r. code of conduct. In 2023, a.s.r. monitored compliance with e.g. the rules, regulations and policies on CDD, privacy, remuneration, the digital agenda, sustainability (including the assessment of communications expressions), handling of customer requests and the quality of information provided to customers. The CDD Centre is continuously working on an improvement plan for CDD-related risks. The implementation was carried out in line with this plan in 2023.

In addition, a.s.r. continued to work on further improvement of ongoing monitoring activities in 2023, by reviewing the compliance risk and monitoring framework and its translation into the business units' Risk Control Matrix (RCM). It is the ambition of a.s.r. to increasingly integrate behaviour and culture into its monitoring surveys. Good insight into behaviour and culture, together with the analysis of process design and monitoring, provides an integral picture of the control environment.

3.7.2 Privacy

a.s.r. intends to use the personal data it collects in a correct and diligent manner to create value for the customer and for the organisation. a.s.r. can only realise growth in a responsible manner when it safeguards the privacy of customers, employees and other individuals correctly, working consciously with personal data and knowing and complying with the rules implies that. By increasing the confidence of customers and employees in the method of a.s.r. regarding data use, opportunities are created to generate value from data.

Governance and organisation

Key to an efficient protection of privacy is an appropriate privacy governance structure. a.s.r. has a Privacy Charter which outlines a.s.r.'s privacy governance model. The privacy governance model within a.s.r. consists of compliance officers, privacy experts and other privacy professionals who help to ensure privacy compliance. a.s.r. has appointed a Data Privacy Officer (DPO) who is functionally positioned within the Compliance department. The DPO is entitled to escalate critical privacy compliance matters to the highest organisational level in a business line, to the Chair of the EB, to the Chair of the A&RC, and/or to the SB. To monitor and controls privacy risks, a privacy risk and control framework is in place (as part of the compliance risk and monitoring framework).

a.s.r. plans to establish a Privacy Office in the organization to further promote privacy compliance and strengthen the privacy governance in the first line.

Transparency and privacy rights

a.s.r. facilitates the privacy rights of individuals. It has various privacy statements applicable to different categories of stakeholders and data subjects. a.s.r.'s general privacy statement is applicable to the processing of personal data of individuals, including customers and partners. a.s.r.'s privacy statement(s) can be found on www.asrnl.com. After the integration with Aegon NL in 2023, the a.s.r. general privacy statement[1] has been adapted and now applies to the processing of data of Aegon NL customers as well.

a.s.r.'s privacy statements contain detailed information on how a.s.r. deals with individual rights requests or other privacy requests or complaints and how customers may exercise their privacy rights.

Processing of personal data

a.s.r. collects the personal data from its customers who apply for an insurance or other financial services, either directly or through an intermediary. a.s.r. may also receive personal data from (other) third parties, e.g., from other insurers.

The processing of personal data is necessary for the performance of a.s.r.'s services. Furthermore, the use of personal data helps a.s.r. to improve its products, perform marketing activities, reduce and assess risks in connection with business transactions and the business operations of a.s.r. and to trace fraud or cases of abuse.

Purposes

In accordance with privacy laws and regulations (including the GDPR), a.s.r. has listed the legitimate purposes for which she processes personal data in its register of processing activities. These purposes are also described and explained in the privacy statement(s). They relate to:

- The performance of a.s.r.'s services;
- Reducing and assessing risks;
- Performing marketing activities;
- Improving and innovating;
- Tracing fraud and abuse;
- Business transactions and business operations.

When processing data for the purpose of tracing fraud and abuse, a.s.r. also complies with the Insurers and Crime Protocol (*Protocol Verzekeraars en Criminaliteit*) and the Financial Institutions Incident Warning System Protocol (*Protocol Incidentenwaarschuwingssysteem*). These protocols were established by the Dutch Association of Insurers, among others.

Security measures

All personal data are processed with due care taking adequate technical and organisational measures to safeguard sufficient protection levels and to protect data against loss or unlawful processing. Examples include measures for safe use of a.s.r.'s websites and IT systems and for avoiding abuse, as well as for securing physical areas where data are stored. a.s.r. has an information security policy in place and arranges regular training programmes for its employees in personal data protection. Data can be accessed and processed only by authorised employees.

a.s.r. employees have a duty of confidentiality in respect of the processed data. All employees take an oath or make a solemn affirmation when they start as employees at a.s.r. This involves, for example, declaring that they will act with integrity and due care and protect the confidentiality of information that has been entrusted to them.

At a.s.r., health data are only collected and processed where this is permitted by applicable laws and regulations. Only a medical advisor and qualified employees under the responsibility of a medical advisor may process medical data for drawing up medical opinions. a.s.r. abides by the professional code for medical advisors involved in private insurance cases and/or personal injury cases. a.s.r. processes the health data of a.s.r. Vitality members, such as exercise information from activity tracking, in the corresponding mobile application.

a.s.r. has a retention policy in place to ensure that data are not stored any longer than needed or as permitted by legislation and regulations.

1 The a.s.r. general privacy statement applies to the following entities and brands: ASR Levensverzekering N.V., ASR Basis Ziektekostenverzekeringen N.V., ASR Aanvullende Ziektekostenverzekeringen N.V., ASR Schadeverzekering N.V., ASR Vermogensbeheer N.V., ASR Real Estate B.V., ASR Vitaliteit en Preventieve Diensten B.V., ASR Vooruit B.V., ASR Premiepensioeninstelling N.V., ASR Re-integratie B.V., Aegon Hypotheken B.V, Aegon Levensverzekering N.V., Aegon Cappital B.V., Aegon Advies B.V., Aegon Bemiddeling B.V., Aegon Administratie B.V., Aegon Administratieve Dienstverlening B.V., Aegon Spaarkas N.V., a.s.r., Aegon and Loyalis a.s.r. Vitality and a.s.r. real estate have their own privacy statement.

Transfer of personal data

In accordance with the applicable legislation and regulations and the a.s.r. privacy policy, a.s.r. has appropriate safeguards in place where a.s.r. works with third parties e.g., data processing agreements detailing the restrictions regarding the processing of personal data. If a.s.r. transfers personal data to parties outside of the European Economic Area (EEA), appropriate safeguards and arrangements are in place to ensure compliance with the rules applicable in the European Union.

a.s.r. only supplies personal data to third parties if this is permitted by law and necessary for a.s.r.'s business operations. Occasionally, a.s.r. is legally required to transfer certain personal data to the authorities, e.g., disclosures concerning life insurance policies to the tax authorities. To ensure a sound acceptance and risk policy and to prevent fraud, a.s.r. records data in the Central Information System (CIS) of the CIS foundation. These data relate to claims received by insurance companies, or the individuals concerned who have intentionally deceived an insurance company. The CIS foundation supports insurers in their acceptance and claims processes. a.s.r. is permitted, under strict conditions, to exchange information via the CIS foundation. For more information, see the CIS foundation website.

Digital Strategy

a.s.r.'s digital strategy will contribute to improving customer services, while at the same time increasing efficiency. However, the anticipated and related increased use of (personal) data also creates privacy risks, as well as security and ethical risks. In executing the digital strategy, a.s.r. continuously observes and mitigates these risks and will continue to do so.

Ethical frameworks

a.s.r. implemented the ethical framework for data driven decision-making of the Dutch Association of Insurers and has processes and procedures in place to assess the ethical risks of data driven applications. a.s.r. will continue to adapt these processes and procedures where necessary to keep up with technological developments such as the use of Artificial Intelligence.

Profiling

a.s.r. may generate profiles of its customers using data it collects for the purposes of analysis and obtaining insight into (future) actions and preferences only in accordance with the relevant legislation and regulations. This means, among other things, that a.s.r. asks permission in advance if required to do so by law. Furthermore, a.s.r. assesses applications for several products via an automated process. If individuals do not agree with an automated decision, a process is in place to ensure human intervention on the part of a.s.r. In this process, the individual may express its point of view on the decision made and contest that decision.

Data breaches and complaints

a.s.r. has taken appropriate measures to mitigate risks related to personal data breaches (a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to personal data from the organization). a.s.r. has procedures in place to ensure that personal data breaches can be easily reported internally and that breaches are followed up to mitigate the consequences and avoid breaches in the future. Reporting data breaches is an important tool to improve technical and organisational measures to protect personal data and to help mitigate the consequences of any breach for the affected individual. Awareness of these procedures and the importance to take due care when processing personal data to avoid breaches, are part of the awareness programme.

Compliance and the DPO report quarterly on the number and type of data breaches to the highest organisational level in a business line, the MB, NFRC, Risk Committee and the A&RC of the SB. Most breaches were caused by human errors, the use of outdated postal addresses and lost mail items. a.s.r. takes measures to prevent the cause of the breach where possible, e.g. review of processes.

In accordance with the GDPR, a.s.r. is obliged to notify the Dutch DPA (DDPA) of any data breaches which present a risk to the affected individuals. Such notifications are made by the Compliance department, in consultation with the DPO. In 2023, 87 data breaches were reported to the DDPA (2022:41)[1]. a.s.r. took measures to mitigate any risks for the individuals and has no reason to expect any of the reported breaches to have a serious impact for those involved. The increase of the breaches reported to the DDPA was mainly caused by the exchange of data with third parties. Options for improvement of this process are being further investigated.

Complaints about privacy issues help a.s.r. to improve processes to enhance privacy compliance. a.s.r. observes a still increasing privacy awareness amongst customers leading to increasing numbers of questions and complaints regarding privacy. In 2023, a.s.r. received 149 complaints from customers and third parties including one complaint from regulatory bodies (2022:107). Most of these complaints relate to data breaches, but also to individuals exercising their privacy rights, such as the right of access and the right to be forgotten.

Complaints relating to customer privacy received from third parties[2,3]

(in numbers)

1 Figures in this chapter exclude Corins and D&S entities.
2 Complaints received from regulatory bodies are also included in the figure reported for complaints received from third parties.
3 As of reporting year 2023, a more complete classification approach is applied to the figure complaints related to customer privacy received from third parties. The 2022 figure has been adjusted to align with the 2023 approach accordingly.

3.7.3 Integrity and ethical conduct

Integrity and ethical conduct are prerequisites for a.s.r.'s reputation as a trustworthy insurer. In addition to the use of clear frameworks, sound and controlled business operations are above all driven by sound, intrinsically embedded core values and ethical behaviour.

Code of conduct and the oath or solemn affirmation

a.s.r.'s code of conduct constitutes a guideline for actions and decisions, and helps the company to fulfil its duties properly, with care and integrity. It also forms a clear guideline for how employees interact with each other, how a.s.r. serves its customers and how a.s.r. takes its responsibility for the environment in which it operates. The a.s.r. code of conduct applies to anyone who works for a.s.r., whether on a regular basis or not. a.s.r. expects everyone to observe the code of conduct and to hold each other to account for compliance with its stipulations. The a.s.r. code of conduct can be found on www.asrnl.com.

When starting employment at a.s.r., every employee, including temporary- and external employees, must take an oath or make a solemn affirmation. This demonstrates that they accept and comply with the rules of conduct, and observes ethical principles in their actions.

Unethical behaviour

In order to guarantee sound and controlled business operations, a.s.r. has taken a number of control measures to prevent, identify and combat unethical behaviour, including combating corruption. Examples of control measures include integrity screening carried out by the investigations department prior to hiring new employees as well as in-employment screening. This integrity screening also extends to contracting parties. With these measures, a.s.r. seeks to prevent the risk of physical, financial or reputational damage to the company, its customers and/or other stakeholders and business relations. Complementary, a.s.r. has taken measures such as monitoring and the stimulation of awareness throughout the business with respect to conflicts of interest.

a.s.r. believes it is important that incidents are reported and that this can be done safely and with due care. a.s.r. has an internal reporting route for integrity incidents (included in the Code of Conduct) and a whistleblower scheme. Identifying and reporting incidents helps to mitigate irregularities and errors. This enables a.s.r. to learn from incidents and prevent them in the future. Under the whistleblower scheme, employees and third parties, including former employees, customers and other contracting parties, can report alleged malpractice anonymously, freely and without threat. The whistleblower policy revised in 2024 provides for the reporting of alleged malpractice and irregularities'.

a.s.r. has a policy on controlling unethical behaviour at group and business levels. a.s.r. investigates signs of unethical behaviour, including corruption and fraud, among employees, intermediaries, mandated brokers and suppliers. a.s.r. has a zero tolerance policy. Should integrity be compromised, for example through corruption and/or fraud, a.s.r. will take appropriate measures, with due regard for the applicable legislation and regulations-, and sector-based protocols. The risk of corruption is addressed in various policies, such as a.s.r.'s incentive policy and its anti-corruption policy. The latter also prohibits political contributions and charitable donations that may serve as means of bribery and corruption. a.s.r. uses the definition formulated by the DNB: 'The risk of corruption is the risk of financial companies in the Netherlands being involved in bribery and/or conflicts of interest which impair the integrity of, and trust in, that company or in the financial markets'. By performing systematic integrity risk analyses (SIRAs), a.s.r. maps integrity risks and determines which additional control measures must be taken if any risks fall outside the risk appetite. The SIRA contributes to the detection and prevention of involvement with violations of legislation and regulations or other socially or ethically undesirable acts. The fraud and corruption risks are part of the SIRA.

In 2023, 86 cases of alleged lack of integrity (2022: 68) were investigated by the investigations department. 23 disciplinary measures (2022: 23) were taken in cases of proven lack of integrity in the conduct of an employee, intermediary, or supplier. With respect to employee conduct, 10 employees were found to have violated the a.s.r. code of conduct. Following investigation, a lack of integrity, e.g. fraud and inappropriate conduct or behaviour, was proven. These employees were disciplined for the infringement of the company's principles. This resulted in addressing undesirable behaviour, a written warning or dismissal. The investigations department reports quarterly on the number of incidents and the measures taken. Where necessary, additional action is taken.

3.7.4 Awareness

a.s.r. employees increase their knowledge regarding compliance topics through yearly training courses, presentations, dialogue and through (voluntary) gamification. By answering pertinent questions daily, employees can refresh their knowledge of important topics within the code of conduct. Topics that were highlighted in 2023 include outside business activities, incentives, privacy, Customer Due Diligence, information security, sustainability and insider trading. In addition, all a.s.r. employees are regularly presented with three mandatory questions regarding the a.s.r. code of conduct, information security and cybercrime. A new tool was implemented for this purpose in the beginning of 2024.

For a select group of employees who perform CDD-related activities, a mandatory training programme and an education programme concerning CDD-related legislation and regulations (including the Anti-Money Laundering and Anti-Terrorist Financing Act) were rolled out in 2023.

Ethical themes

Employees are encouraged to speak up regarding integrity issues and to engage in dialogue with each other about daily dilemmas in the company. a.s.r. facilitates open dialogue throughout the company on ethical dilemmas and challenges that arise during daily business by organising ethics workshops and dilemma sessions, as well as by developing ethical guidance for specific topics and themes where relevant and desirable. This encourages and strengthens ethical awareness among employees. In 2023, 13 ethics sessions were organised to develop ethical awareness and encourage critical reflection and informed decision-making, mainly focusing on the following topics:

- Ethical data use;
- Diversion, equity and inclusion;
- Sustainable business practice;
- The integration of a.s.r. and Aegon NL.

Ethical data use

In cooperation with the Dutch Association of Insurers, a.s.r. has developed an ethical framework for data-driven applications and decision-making, as a form of binding self-regulation for the insurance sector. This framework helps a.s.r. to implement an ethical data vision and invites critical reflection on issues such as discrimination and exclusion, accessibility of data applications, privacy, transparency and explicability.

Ethical data use requires customer trust, a self-aware vision regarding desirable contexts of data collection to generate useful insights and appropriate tailoring of these insights to product and service delivery to serve customer interests. In an increasingly data-driven world, critical reflection is needed to avoid risks of discrimination and exclusion, keep applications accessible for vulnerable groups and protect customers' autonomy and self-determination, as well as their privacy, in all relevant processes.

In 2023, the following activities were organised to promote more awareness:

- Awareness sessions were organised for different departments to promote familiarity with the framework, its background and intended application in practice;
- An obligatory e-learning course for managers promotes awareness of the ethical framework at the management level and activates business units to actively use the framework by implementing it in all relevant sub-departments and data processes that are involved in core customer processes (i.e. marketing, underwriting, pricing, claims, and fraud);
- Ethics sessions and workshops were organised to practice working with the ethical framework and help colleagues translate its elements to their daily practice;
- Workshops were organised to structure the new Machine Learning Platform within a.s.r. Specific attention was given to the embedding of the ethical framework in the risk management processes surrounding the development of new artificial intelligence applications within a.s.r.

Diversity, equity and inclusion

Dialogue sessions, panel discussions and other initiatives are organised on a regular basis to draw attention to topics, related to diversity, equity and inclusion. Colleagues are encouraged to engage in dialogue with each other and explore how a.s.r. can further improve on these themes. Further information about diversity, equity and inclusion can be found in section 3.3.1.

Sustainable business practice

a.s.r. wants to do business in an increasingly sustainable way. Proper assessment of all interests involved requires ethical self-awareness and critical reflection.

This leads to complex ethical considerations in daily practice, where the following questions need to be answered:

- How to determine the moral weight of all the stakeholder interests involved?
- Which moral duties and principles, ethical preconditions or frameworks help prevent risks, including the risk of (unintentional) discrimination and exclusion and possible human rights violations in value chains?
- How does the organisation fulfil its moral responsibility to promote value chains with integrity, through constructive and effective cooperation between all stakeholders and parties involved?
- How to promote consistency and integrity in a.s.r.'s different roles as a company with regard to the implementation of sustainable policies, to ensure that any discrepancies between business lines are critically reflected upon and morally justifiable?

The Sustainability Committee within a.s.r. advises the organisation on these complex dilemmas by discussing issues regarding sustainable business practice and providing tools and support for business units to make ethically self-aware choices that are in line with a.s.r.'s vision and strategy. In 2023 the Sustainability Committee made seven recommendations regarding sustainable business practices.

The integration of a.s.r. and Aegon NL

Conduct and culture is Compliance's purview within the organisation. Through advice, monitoring and stimulation of awareness regarding risks in daily operations, Compliance hopes to foster an ethically aware culture, with integrity and appropriate conduct and risk awareness. Due to the integration of Aegon NL, the importance of a strong and coherent culture becomes even greater. A culture wherein colleagues collaborate well together to bring the best of both worlds (in terms of policies, guidelines, processes, and other aspects of daily practice) together and create a strong, ethically aware and risk aware company that serves its stakeholders and society in a sustainable way. To this end, Compliance will pay extra careful attention to the process of integration in all relevant business lines within a.s.r. the next couple of years.

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Business performance

4

4.1 ASR Nederland N.V.

Premiums and DC volume
(in € million)
8,825
2022: 6,510

Operating expenses
(in € million)
1,183
2022: 702

Operating result
(in € million)
1,117
2022: 805

Operating return on equity
(in %)
12.4
2022: 10.6

Dividend per share
(in €)
2.89
2022: 2.70

Result before tax
(in € million)
1,389
2022: -2,323

Solvency II ratio
(in %)
176
2022: 221

Organic capital creation
(in € million)
938
2022: 653

The a.s.r. group consists of operating and holding companies. The operations of a.s.r. are divided into six operating segments. The Non-life and Life segments perform all insurance activities. Asset Management, Distribution, Services, Banking and Holding and Other perform the other activities.

4.1.1 Financial performance

Premiums and DC volume [1]

Premiums and Defined Contribution (DC) volume for the group increased by 35.6% to € 8,825 million (2022: € 6,510 million).

The premiums invoiced in the Non-life segment increased by 25.7% to € 5,375 million (2022: € 4,276 million). P&C increased 6.7% to € 1,780 million and Disability 7.2% to € 1,593 million. Furthermore, Health increased by 63.7% to € 1,834 million, primarily as a result of an increase of almost 200,000 customers in the policy renewal season in 2022. The contribution of Aegon Nederland is € 167 million consisting of P&C (€ 80 million) and Disability (€ 87 million).

Premiums and DC volume in the Life segment increased 48.2% to € 3,530 million (2022: 2,381), primarily driven by the inclusion of Aegon Nederland (€ 1,165 million). In addition, the increase reflected growth in funeral premiums, driven by indexation of premiums, and growth in the pension DC products, which was partly offset by the decrease in the 'service book' portfolio comprising the existing Pension Defined Benefit (DB) and Individual life portfolio.

Operating expenses

Operating expenses increased by € 481 million to € 1,183 million, primarily reflecting the larger cost base, including Aegon Nederland. Furthermore, personnel-related costs increased due to the impact of the Collective Labour Agreement. The internal number of FTEs increased to 7,994 (2022: 4,313), primarily as a result of the inclusion of Aegon Nederland.

The cost ratio of P&C and Disability combined increased by 0.5%-points to 8.3%, mainly in relation to the integration of Aegon Nederland, and was partly offset by a continuing focus on organic business growth in combination with cost control.

Expenses for non-ordinary activities, classified as incidental items and, therefore, not included in operating expenses, increased by € 133 million to € 213 million. This increase partly relates to integration expenses for the business combination of a.s.r. and Aegon Nederland, as well as regulatory costs for the implementation of IFRS 17/9.

Operating result

The operating result increased by € 311 million to € 1,117 million (2022: € 805 million), mainly due to the first-time contribution of Aegon Nederland activities from the second half of 2023. All business segments showed higher operating results, partly offset by the Holding & Other segment (including Eliminations). Please refer to section 7.10 for the definition of operating result.

Operating result per segment

The operating result of the Non-life segment increased by € 122 million to € 381 million, mainly due to a higher operating investment and finance result (OIFR) in addition to the contribution of Aegon Nederland and improved underwriting results in Disability and Health. The combined ratio of P&C and Disability combined improved by 0.9%-points to 93.5% (2022: 94.4%), reflecting an increased combined ratio in P&C offset by improvements in Disability.

The Life segment operating result increased by € 98 million to € 688 million, driven by the addition of Aegon Nederland. The operating insurance service result (OISR) benefited from a higher CSM release, partly offset by a lower risk adjustment (RA) release due to higher interest rates. The OIFR increase was supported by a lower UFR drag (IFRS basis) and a slightly higher investment margin that was partly offset by higher investment expenses.

The operating result of the Asset Management segment increased by € 39 million to € 78 million, primarily driven by the addition of Aegon Nederland activities.

The operating result of the Bank segment (Knab) amounted to € 139 million, reflecting an improved interest margin on saving accounts.

The operating result of the Distribution and Services segment increased by € 5 million to € 30 million driven by the addition of Aegon Nederland entities (Robidus, TKP and Nedasco). The contribution of the other D&S entities remained stable.

The operating result of the Holding & Other segment (including Eliminations) decreased by € 91 million to € -200 million, mainly due to increased interest charges related to the € 1 billion Tier 2 bond issue in November 2022 for the financing of the business combination with Aegon Nederland, as well as for higher operating expenses.

Result before tax

The result before tax increased by € 3,712 million to € 1,389 million (2022: € -2,323 million). As operating result includes normalised investment returns, the revaluation impact of € 579 million (2022: € -2,694 million) is classified as an incidental item related to the investment and finance result. In contrast to 2023, the 2022 IFRS result was negatively affected by the revaluation of the investment portfolio (including derivatives) due to strongly increased interest rates. In addition, there was a less negative impact of other incidental items (€ 128 million) and an increased operating result (€ 311 million).

The IFRS net result attributable to holders of equity instruments amounted to € 1,086 million (2022: € -1,709 million), with an effective tax rate of 21.8% (2022: 26.1%).

Operating return on equity

The operating return on equity increased by 1.8%-points to 12.4% (2022: 10.6%), reflecting stronger growth of the

1 'Premiums and DC volume' is equal to the premiums invoiced plus the customer funds deposited by the insured DC-products and the IORP-products which, by definition, are not premiums.

operating result compared to growth in equity, adjusted for unrealised gains and losses.

Solvency II ratio and organic capital creation

The Solvency II ratio decreased to 176% (31 December 2022: 221%) and includes a 31%-points decrease due to the acquisition of Aegon Nederland and a 9%-points deduction for the proposed dividend (€ 610 million). Organic capital creation (OCC) contributed 14%-points, which was more than offset by a 20%-points negative impact from market and operational developments. Market and operational developments primarily reflect the negative impact from real estate revaluations, mortgage spread widening, provision for the unit-linked insurance file (€ 250 million settlement and € 50 million additional provision), experience variance and model and assumption changes.

OCC increased by € 285 million to € 938 million (2022: € 653 million), primarily driven by the contribution from Aegon Nederland activities in the second half of 2023.

Dividend and capital distribution

a.s.r. proposes a dividend for 2023 of € 2.89 per share, an increase of 7% compared to the dividend for 2022. Taking into account an interim dividend of € 1.08 per share paid in September 2023, the final dividend amounts to € 1.81 per share. This is in line with the progressive dividend policy and the ambition for mid-to-high single-digit dividend growth per annum until 2025

4.2 Non-life

Premiums volume
(in € million)
5,375
2022: **4,276**

Operating expenses
(in € million)
347
2022: **292**

Operating result
(in € million)
381
2022: **259**

Result before tax
(in € million)
273
2022: **-82**

Combined ratio
(P&C and Disability, in %)
93.5
2022: **94.4**

P&C brands

Disability brands

Health brand

The Non-life segment consists of non-life insurance entities and their subsidiaries. The non-life insurance entities offer property and casualty insurance, disability insurance, and health insurance.

4.2.1 Financial performance

Premiums volume

Premiums volume increased by € 1,099 million to € 5,375 million, reflecting strong organic growth in all three product lines and the contribution of Aegon NL of € 167 million. In P&C and Disability, organic growth was driven by increased sales volumes, tariff adjustments and the closing of a new collective disability insurance agreement at the end of 2022. In Health, premiums volume increased by 64% due to an increase of almost 235,000 customers in the policy renewal season. Disciplined pricing has resulted in an outflow of approximately 175,000 customers in 2024, largely offsetting the strong inflow of customers in 2023.

Operating expenses

Operating expenses increased by € 56 million to € 347 million, mainly driven by the addition of the Aegon Nederland activities. In addition, operating expenses increased as a result of organic growth in P&C and Disability. The expense ratio of the segment (excluding Health) increased by 0.5%-points to 8.3% mostly due to the addition of Aegon Nederland. The expense ratio including Health improved by 0.4%-points to 6.1%, mostly due to economies of scale in the Health portfolio.

Operating result

The operating result of the Non-life segment increased by € 122 million to € 381 million, mainly due to a higher operating investment and finance result (OIFR) in addition to the contribution of Aegon Nederland and improved underwriting results in Disability and Health. The OIFR improved mainly due to interest accretion of the balance sheet as a result of higher interest rates, partly offset by lower investment returns. The improvement in Disability mainly related to net positive non-recurring impacts and benefit from pricing improvements, especially in Group Disability in 2022. In P&C, the result decreased slightly, primarily due to the impact of inflation on claims despite a lower level of weather-related calamities. In Health, the operating result increased due to the growth of the business, which resulted in improved cost coverage.

Combined ratio

In P&C, the combined ratio increased to 93.6% (2022: 92.5%), primarily driven by the impact of inflation on claims despite a lower level of weather-related calamities compared with 2022. Premium increases were implemented in the retail portfolio at the end of the second quarter and in the commercial portfolio in the fourth quarter of 2023. These increases take effect from policy anniversary dates throughout the year (especially in the personal lines portfolio), and it therefore takes an entire year to see the full effect on the total portfolio. In addition, the higher average interest rate environment compared to 2022 had a positive impact on the discounting of incurred claims.

In Disability, the combined ratio improved by 3.1%-points to 93.5%, reflecting net positive non-recurring impacts and benefit from pricing improvements, especially in Group Disability. The non-recurring items mainly reflect the positive impact of the alignment of all collective provisioning models, partly offset by strengthening of Sickness Leave provisions due to long-term (psychological) absenteeism.

The combined ratio of Health improved by 2.3%-points to 98.9%, mostly resulting from growth of the business, which led to a lower expense ratio due to economies of scale. Last year, the commissions rate was higher due to acquisition costs made for the inflow of new customers in 2023.

Result before tax

The result before tax increased by € 356 million to € 273 million (2022: € -82 million), mainly due to the negative impact of investment-related incidental items in 2022. The investment-related incidental items amounted to € 29 million in 2023 (2022: € -185 million), helped by more stable interest rate environment compared to 2022. Non-investment- related incidental items amounted to € -136 million, primarily reflecting the non-economic assumption update for inflation in the liability of incurred claims of Disability, project costs for implementation of IFRS 17/9 and restructuring provisions.

4.2.2 P&C

a.s.r. offers P&C products for the retail and commercial markets under the brands a.s.r. and "*Ik kies zelf van a.s.r.*". In 2023 Ditzo and Europeesche Verzekering are relabelled to "*Ik kies zelf van a.s.r.*". The a.s.r. brand focuses on the retail and commercial markets through advisors and mandated brokers. "*Ik kies zelf van a.s.r.*" offers direct online distribution to individuals and travel and recreational insurance via travel agents. Additionally, the Managing General Agent Corins operates as an independent entity on the Dutch co-insurance market. Corins represents a panel of reputable international (re)insurers, underwriting commercial and industrial risks.

On 1 October the legal integration of Aegon Schadeverzekeringen N.V. with a.s.r. Schadeverzekeringen N.V. took place. a.s.r.'s market position has been significantly strengthened through the business combination with Aegon NL and through strong organic growth in a market characterised by disciplined and economic pricing. In 2023, a.s.r. further invested in more sustainable insurance with two new partnerships. a.s.r. holds a majority interest in Soople and a minority interest in Fixxer.

Soople helps its customers by taking on full day-to-day maintenance of properties, including the initial contact with residents, planning, implementation and invoicing. By becoming co-owner of Soople, a.s.r. can conduct sustainable repairs for customers and ultimately add to this service sustainable maintenance and other sustainable services.

Fixxer is a new company set up in collaboration with Belfius Insurance and focuses on the management and further development of a digital service platform for claims of customers.

The combined ratio increased to 93.6% (2022: 92.5%), primarily driven by the impact of inflation on claims despite a lower level of weather-related calamities compared with

2022. Premium increases were implemented in the retail portfolio and in the commercial portfolio. In addition, the higher average interest rate environment compared to 2022 had a positive impact on the discounting of incurred claims.

Combined ratio P&C

(in %)

Market

The Dutch P&C market is fairly consolidated. The three top P&C insurers have a combined market share of 64%[1] (2021: 64%), a.s.r. ranks among the top three Property & Casualty (P&C) insurers in the Netherlands, with a market share of 13.8% in 2022 (2021: 14.1%), measured by GWP.

Consolidation has also occurred among the distribution parties and mandated brokers. Inflation had a big impact on the P&C market in 2022 and 2023. The claims ratio and expense ratio increases led to higher premiums.

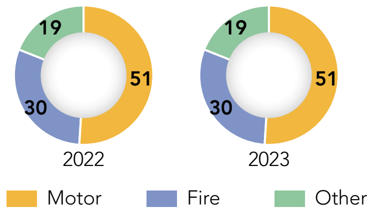
The government intends to make commissions for retail P&C insurance transparent. Advisors will therefore be required to actively inform customers of the average amount of commission per product and per person. This could provide a stimulus for change in the distribution landscape.

Products

a.s.r. offers a wide range of P&C products in the retail and commercial markets. This includes products in the following categories:

- Motor policies provide third party liability coverage for motor vehicles and commercial fleets, property damage and physical injury as well as coverage against theft, fire and collision damage;
- Fire policies provide cover against various property risks, including fire, flood, storms and burglary. Private cover is provided on both a single-risk and a multi-risk basis, with multi-risk policies providing cover against loss of, or damage to, dwellings and damage to personal goods;
- Other P&C insurance products such as liability, legal aid, travel and recreation, pet insurance and transport insurance.

Product share P&C



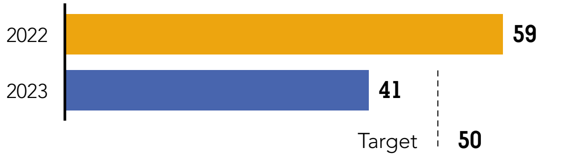
Strategy and achievements

a.s.r. has a strong track record of being profitable, with a good customer satisfaction score. Long-term growth is typically driven by the increase of the gross domestic product. a.s.r. is strongly represented among advisors, mandated brokers and in the co-insurance market, via Corins. In the direct channel, the revenue of a.s.r. ("*Ik kies zelf van a.s.r.*") is stable and profitable. a.s.r. expanded its traditional product portfolio with two new partnerships (Soople and Fixxer).

Simplifying and modernising the IT landscape is an important part of the strategy. This enables further digitalisation of the chain, improvement of services to customers and advisors, and cost reduction. Through further digitalisation, the personal online environment My a.s.r. (*Mijn a.s.r.*) for customers has been expanded.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph. NPS-c decreased compared to 2022. In 2023, the scope for NPS-c was expanded to include "*Ik kies zelf van a.s.r.*", which led to the sharp decrease.

NPS-c P&C



At the end of 2021, a.s.r. joined the Net-Zero Insurance Alliance, an initiative of the United Nations and the international insurance industry. This commits a.s.r. to the target of its insurance portfolio being climate-neutral by 2050, in line with the Paris Agreement. In 2023, P&C has calculated its baseline figures, set and published the 2030 ambitions for its commercial lines and personal motor portfolio and started the execution of actions in order to achieve these targets.

New sustainable features are continually added to a.s.r.'s products and services. Cover for solar panels, charging units, (mini) wind turbines, heat pumps, green roofs and secondary flooding is already available. For damage repair, a.s.r. works with a sustainable repair network (affiliated to Stichting Groen Gedaan) including its own repairer Soople.

Corporate customers receive sustainability advice after a risk assessment. The underwriters assess whether risks that are more difficult to insure from a technical insurance perspective, but that have a strong positive impact on climate change, can nevertheless be insured. To encourage corporate customers to improve the sustainability of their companies, a.s.r. has set up a cooperation with *Klimaatroute*. *Klimaatroute* provides an energy analysis at a reduced rate for a.s.r.'s SME customers in which the potential savings and sustainability opportunities are mapped out.

Customers and intermediaries may find information for example on how to make an energy transition or how

1 Source: Market shares DNB 2022. Market shares 2023 are not available yet.

to adapt their property to climate change on a.s.r.'s 'sustainable living' internet platform.

Outlook for 2024

The portfolio of Aegon NL will be integrated with the a.s.r. P&C administration to create a single claims organisation in which customers and intermediaries of Aegon NL will be retained as far as possible.

a.s.r. expects further growth of the P&C portfolio, by 3-5% per annum, with growth opportunities primarily in the commercial market. Inflation is continuously monitored in relation to the claims and pricing of the products.

In order to strengthen its position in the commercial market, a.s.r. will improve and simplify the business proposition. Additional measures will be implemented towards further digitalisation of the chain, in order to improve a.s.r.'s customer service. '*Mijn a.s.r.*' will be expanded and further digitalisation of the claims handling process is planned.

The energy transition in the Netherlands is in full swing and sustainable solutions follow each other in rapid succession. a.s.r. has therefore set up the sustainability desk where advisors can take questions on how to insure new sustainable initiatives. Products and services will become more sustainable, partly through initiatives for sustainable and circular repair (repair if possible, replace if necessary whereby the item may be replaced by a refurbished item) and through the expansion of existing products in order to encourage the use of fossil-free alternatives.

4.2.3 Disability

With the business combination with Aegon NL, a.s.r. has strengthened its leading position in the disability insurance market with a focus on organic growth. It has an extensive range of products and services focusing on sustainable employability and on preventing and reducing absenteeism.

The combined ratio improved to 93.5% (2022: 96.7%), reflecting net positive non-recurring impacts and benefit from pricing improvements, especially in Group Disability. The non-recurring items mainly reflect the positive impact of the alignment of all collective provisioning models, partly offset by strengthening of Sickness Leave provisions due to long-term (psychological) absenteeism.

Combined ratio Disability

(in %)

Market

Distribution of disability (income) insurance products takes place mainly through insurance advisors. With the a.s.r. label, a.s.r. is well positioned in the distribution channel serving self-employed individuals and SMEs. With the Loyalis label, a.s.r. has a good position in the government and education, transport, healthcare and other (semi) public sectors. a.s.r. is the market leader with a market share of 39.8% in 2022 (2021: 32.7%) in terms of the gross written premium (GWP). The income insurance market grew slightly in size to € 4.36 billion[1].

Distribution through mandated agents has increased in recent years, reaching € 753 million[2]. In 2022 this is 17.2% (2021: 16.7%) of the total market (GWP) for income protection insurance. In 2023, 25.1 % (2022: 24.4%) of a.s.r.'s Disability GWP was realised through mandated agents.

Products

a.s.r.'s income protection insurance business offers various products divided into the following business lines:

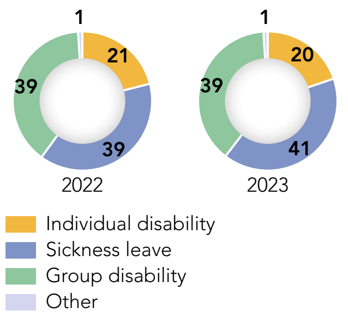
- Individual disability:
  - Products for self-employed individuals to protect against loss of income in the event of illness or disability until retirement age.
  - Products for employees to protect payment of fixed expenses and against loss of income above the maximum daily wage due to illness and disability.
- Sickness leave:
  - Products to protect employers during obligatory continued payment of wages for absent employees up to two years.
- Group disability:
  - Products for employers to protect against the financial impact of self-insurance status.
  - Products for employees to protect against loss of income in the event of (partial) disability, in accordance with the rules and guidelines of the Work and Income according to Labour Capacity Act (*Wet Werk en Inkomen naar Arbeidsvermogen*; WIA).

a.s.r. provides a wide range of prevention and reintegration services for customers of both a.s.r. and Loyalis. a.s.r.'s customers face societal developments that lead to high workloads and the need to keep employees employable and vital. With its services, courses, training programmes and a.s.r. Vitality, a.s.r. helps business owners and employers to keep themselves and their staff employable in the long term.

a.s.r. adapts its products and services to changes in the social security system and monitors political developments so that employers can keep their employees employable while meeting government requirements.

1 Source: Market shares DNB 2022. This does not include foreign providers licensed for the Dutch insurance market. 2023 market shares are not available yet.
2 Source: Mandated brokers 2022 market report Dutch Association of Insurers and NVGA, published in March 2023.

Product share Disability



Strategy and achievements

a.s.r. aims to keep all its customers employable and insured and strives to serve customers with best-in-class insurance products, prevention and reintegration services and an excellent service. Customers (self-employed individuals and employers) want to stay employable and to retain their employees. And if that is not possible for a while, they want to be assured of an income. Through a.s.r.'s prevention and reintegration services, a.s.r. helps its customers to ensure optimal employability for themselves and their employees. This helps reducing absenteeism among customers and to control the cost of claims, keeping risks affordable and insurable.

a.s.r. focuses on further improving its service by digitalising customer processes, reducing paper flows, offering convenience and personalised customer service. Examples include the introduction of the 'Services Store' (*Dienstenwinkel*) and further development of '*Mijn a.s.r.*' and the implementation of links with salary systems for uniform and user-friendly participant administration.

At the end of 2023, a.s.r. contracted a group framework agreement with more than 210 employers who fall under the hospital collective labor agreement for supplementary disability insurance top-up insurance for benefits under the Return to Work (Partially or temporarily Disabled Persons Scheme, WGA) for approximately 220,000 employees in this sector. The insurance premiums for this large contract will contribute to the revenue for 2024.

In 2023, the Appsentiemanager was launched. This is a digital tool for SME employers, enabling them to report employee sickness and recovery simply, using a mobile device. This tool also helps employers to take the right steps in the reintegration process. Besides a.s.r.'s professionalism and the skills of its employees, a.s.r.'s service is characterised by speed, quality and a personal approach. a.s.r. aims to build long-term relationships with its customers and insurance advisors. Customer appreciation is a key performance indicator. This is measured, among other things, through an NPS-c.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph.

NPS-c Disability

Outlook for 2024

Over the recent years political discussions and decisions resulted in significant growth of minimum wages. In January a further increase of 1,2% of the minimum wages was announced to come into place as of July 2024. Also, as a result of negotiations for collective labour agreements, there have been wage indexations in the range of 5-10% in 2023. Although expected at a slower pace and lower level, negotiations for collective labour agreements will be on the calendar in 2024 as well. This has an effect on a.s.r.'s disability portfolio, both on the premiums received side as well as on the cost side. An increasing part of absenteeism due to illness is related to psychological complaints. In 2024 a.s.r. will monitor the further developments.

Furthermore, a.s.r. does not expect any impactful changes in social security that will affect the insurance portfolio in 2024. Uncertain factors are the impact of economic and geopolitical developments on inflation, interest rates, wage development and the economy. a.s.r. continues to focus on the ecosystem of long-term employability with the aim of continued market leadership by leveraging its professionalism, knowledge of the social security market, prevention and reintegration services, whilst offering excellent service to customers and advisors/intermediaries and pursuing further chain integration.

For 2024, the integration of the Aegon NL Disability insurance portfolio with a.s.r.'s back office is scheduled. In this way, a.s.r. expects to provide former Aegon policyholders with excellent service, in depth knowledge of the market for disability, extensive in-house reintegration experience and high quality digitalised customer processes.

4.2.4 Health

In 2023, a.s.r. was the sixth largest provider of health insurance on the Dutch market, based on the number of customers, with a market share of 4.3% (2022: 3.1%). In 2023, the four largest insurers had a joint market share of 84% (2022: 85.1%). The number of health policyholders increased by 41.4%, partly due to the composition of supplementary packages, including dental care and maternity care. In 2023, a.s.r. offered health insurance under the 'a.s.r.' and 'Ditzo' brands. On 17 April 2023, Ditzo was rebranded in "*Ik kies zelf van a.s.r.*".

The combined ratio of Health improved to 98.9% (2022: 101.2%), mostly resulting from growth of the business, which led to a lower expense ratio due to economies of scale. Last year, the commissions rate was higher due to acquisition costs made for the inflow of new customers in 2023.

Combined ratio Health

(in %)

Markets

Two types of products are offered on the Dutch health insurance market: basic cover and supplementary cover. In the highly regulated health care market, all Dutch citizens are obliged to take out basic health insurance based on an annual contract. The contents of this basic cover are set by the government, but health insurers are permitted to add some variation in order to distinguish their products from each other. This mainly involves how claims are processed and the number of medical providers whose treatment is eligible for cover.

Insurers are obliged to accept anyone who is legally required to take out basic health cover as a policyholder. A state-managed risk equalisation system protects an insurer in case its customer base typically shows behaviour that is detrimental for its health situation, leading to higher costs for the insurer. The compensation paid to insurers depends on the anticipated costs, based on the characteristics of their customer base. This risk equalisation system is constantly being adjusted.

The number of policyholders who switch to another health provider at the end of the year remained unchanged at 6-7% for the past nine years. This year, however, the percentage rose to 8.5% (1.5 million policyholders), the highest number of person switching providers since the introduction of the Health Insurance Act in 2006.

Unlike basic health insurance, supplementary health cover is not compulsory. In 2023, 82.5% of policyholders on the Dutch market opted for supplementary health insurance (2022: 83.5%). Following an increase in this percentage in 2021 in response to the Covid-19 pandemic, the declining market trend which set in last year continued. Within a.s.r., the number of policyholders opting for supplementary health cover went up to 96.3 % in 2023 (2022: 95.5%). The number of claims made under this form of cover increased similarly.

Products

The types of health cover offered in 2023 under the a.s.r. and "*Ik kies zelf van a.s.r.*" (previously Ditzo) brands were as follows:

- Basic insurance with a broad coverage of medical costs, as prescribed annually by the government. a.s.r. offers three types of basic health cover:
  - Contracted care policy, in which the insurer remunerates costs directly to contracted care providers;
  - Non contracted care policy, in which the customer is reimbursed for medical care payments, including for treatment from non contracted care providers;
  - A combination of the two, applied through a combination of both policies.
- Supplementary health insurance to cover specific risks not included under basic health insurance, such as the costs of dental treatment, physiotherapy, orthodontic treatment and medical support abroad.

Dilemma: Should a.s.r. reimburse experimental treatments?

One of the dilemmas a.s.r. faced in 2023 was whether or not to reimburse experimental health treatments. Patients suffering from a serious disease and with a poor prognosis often want to do everything they can to be cured or have a better quality of life. In some cases, there are treatments that have not (yet) been proven to be effective, but do give this group of patients a glimmer of hope. They grasp at this straw and request reimbursement for these treatments through their doctors.

a.s.r. would like to offer everyone a chance to improve their health, or a cure. It is quite understandable that someone who is seriously ill wants to do everything possible. At the same time, a.s.r. cannot and should not always reimburse such experimental care. As a health insurer a.s.r. has to comply with certain legislation and regulations. This means that only treatments included in the basic package may be reimbursed by health insurers from the basic insurance. Besides, health insurers have a social duty to keep healthcare accessible and affordable.

The central government has determined that only care whose effectiveness has been sufficiently established will be reimbursed from the basic package. For example, if a treatment is considered effective by the relevant medical profession or if there is scientific literature available that demonstrates this. This care then meets the ‘latest scientific knowledge and medical practice’. Experimental treatments usually do not comply with this (yet) and will therefore in principle not be reimbursed.

a.s.r. faces a fiendish dilemma here: is the experimental treatment, which may be a last straw for patients, effective or not? Attached to this dilemma is a patient’s hope, or their despair, on the one hand, and the health insurer’s social duty to keep healthcare affordable for all policyholders, on the other.

Although a health insurer is not really the one who should make the decision on compliance with the latest scientific knowledge and medical practice, a.s.r. sometimes has to consider a request for experimental treatment. When a.s.r. receives a request to reimburse an experimental treatment, it's consulting doctor will handle this request extremely carefully.

The most popular basic health cover on the Dutch market is the contracted care policy[1]. At year-end 2023, 76% of total policyholders had taken out a contracted care policy.

Strategy and achievements

In 2023, the strategy of a.s.r. was further refined in response to developments in the market and society, to provide cover for health care that is future-proof, i.e. cover that is and will remain efficient, affordable and accessible. In the revised strategy, sustainability has acquired an even greater prominence. In terms of sustainability, a.s.r. will continue to accelerate the sustainable transition through cooperation with suppliers, health care providers, customers and other health insurers. Furthermore, with the revised strategy a.s.r. aims to maintain a stable customer base, and to refrain from further growth.

a.s.r. also took further steps towards sustainability in 2023. The addition of the ‘find a sustainable care provider’ (*de groene zorgzoeker*) function to a.s.r.’s health care application makes it easier for customers to see which care providers are more sustainable. The search function enables customers to find health care providers in a particular location. Physical medical cards have also been replaced by digital versions, unless customers opted for keeping their physical card.

a.s.r. has developed various initiatives aimed at promoting future-proof health care, partly by encouraging policyholders to maintain a healthy lifestyle. Examples include the ‘take care of yourself’ (*zorg voor jezelf*) programme, in which a.s.r. provides free health care programmes which contribute to a healthy lifestyle. Three programmes rolled out in the past year were the ‘healthy habits' (*gezonde gewoonte*) programme, the 'eat more sustainably' (*duurzamer eten*) programme and the ‘I bounce back' (*ik veer mee*) programme.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph.

1 Vektis Zorgthermometer 2023

NPS-c Health

With an NPS-c of 35 in 2023 (2022: 49), customer satisfaction within Health fell, partly due to an unexpectedly high influx of customers which led to long waiting times, especially at the start of the year.

Customer-driven service remains a key element of the strategy, and is thus constantly being improved. a.s.r. has transformed its customer service in order to serve customers better and faster. The digitalisation strategy, which assists customers towards self-service and removes low impact contact, is also improving the speed and efficiency of customer service. Finally, more attention has been given over the past year to non-Dutch language customers, and a start has been made on improving the availability of information in English.

Outlook for 2024

a.s.r. expects customers to remain price-sensitive in 2024 due to the high level of inflation which persisted throughout 2023. As a result, premiums will again be decisive in the choices made by customers during the premium review season. The outcomes of the transfer season of the health insurance market at the end of 2023 show that a.s.r. faces a significant decrease in the number of insured for 2024. The primary reason for the substantial decrease is most likely the significant price difference compared to the least expensive insurance available in the market.

In 2024, a.s.r. will continue to take steps to keep health care future-proof in the form of continued accessibility, appropriateness and sustainability. In 2024, a.s.r. will further improve accessibility of health care through digital transformation and by continuing to provide the right contract information for both referral organisations and policyholders. a.s.r. will also continue to support the Integrated Health Care Accord (IZA) and contribute to the ongoing improvement of, and compliance with, agreements made in the IZA through the mid-term review. The implementation period for impactful transformations will run until 2027.

The government could potentially have a significant impact on the healthcare system and how the market operates. Accessibility and affordability of healthcare are under pressure, and remain high on the political agenda. Political interventions could potentially heavily impact the existing care system.

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Paul / Henri:

‘Maybe we should actually help people more often instead of simply giving money’

Nu, later en altijd.

a.s.r.’s raison d’être is to help people. Our mission is to help customers insure risks that they are unwilling or unable to bear themselves, and accumulate capital for later. a.s.r. helps with services and products that are not only good for now, but also for the long term, with future generations in mind. We make a difference by offering sustainable choices.

Interview Soople

Since March 2023, a.s.r. has held a majority stake in Soople, which specialises in property maintenance, renovation jobs and damage repair. The partnership with Soople is in line with a.s.r.'s strategy to invest in sustainable damage repair and innovative services for customers. Although sometimes the service goes beyond fixing a broken floor or a leaking tap. For a road accident victim, his new home has been adapted and furnished.

A motorist insured at a.s.r. hit a cyclist in January 2023, who was seriously injured in the accident. The man sustained a spinal cord lesion, spent a long time in hospital and then worked on his recovery in a rehabilitation centre for months. When he was finally allowed to leave the rehabilitation clinic in June, he was confined to a wheelchair. Returning to his old home, a flat on the fourth floor of a block of flats without a lift, was not an option.

New flat

A solution had to be found for the man, who has no family and friends and lives alone. Paul Westerik, Contract manager for in-kind recovery at a.s.r., explains: 'These types of personal injury cases would typically involve financial compensation, but my colleague told me that this person would not be helped by that. Through the municipality, he had been offered a new flat and my colleague from personal injury asked if we could do anything in terms of making the necessary adjustments and furnishing of his new home. In consultation, it was decided not to pay out money, but to help the man in a more practical sense.'

Paul contacted Henri Smit, a Service organiser at Soople, which presents itself as *the job service that makes you happy*. a.s.r. has had a majority stake in this company since March 2023, in line with its strategy to invest in sustainable damage repair and efficient services for customers. Paul asked Henri to adapt the injured person's new flat to his situation and make it ready to live in.

Relocation

By working with Soople, a.s.r. is closer to the customer. Paul: 'We don't want to be an insurer that simply compensates any loss. Customers have long been able to choose from a cash claim payment, a damage repair firm of their own choice or a repair firm from our network. But often they still had to arrange many things themselves. Together with Soople, we now take all that off their hands. Customers do not have to search for a repair firm or request quotes themselves. We take care of everything, from carrying out the work to paying for it.'

After Paul's phone call, Henri contacted the injured person to discuss the furnishing of his new home. After the customer made his choice, a Soople employee laid carpets, put up curtains and some lamps, assembled furniture and painted the walls in a few days. Soople also arranged the man's relocation. Henri: 'He had no one to help him with that and was dependent on us. Together with his representative, we looked at his old flat to see what could be taken to his new home, and what could be abandoned. The injured person was incredibly grateful that we gave him a nice place to live again.'

Back on track

The situation made a big impression on Henri. 'What we were able to do for this man in a short time would not have been possible via the municipality. I think he got a lot more out of our help than a hefty sum of money. It was great to be able to do something important for someone in this way.'

This special case is on Paul's mind, too, now and again. 'We helped this person get his life back on track. We took everything off his shoulders, there was nothing he had to arrange for himself. Maybe we should actually help people more often rather than giving money.'

Sustainable damage repair

a.s.r. also took a 49.84% minority stake in Fixxer, which it co-founded with Belgian Belfius Insurance, in March 2023. Fixxer focuses on the management and further development of Jaimy, Belfius' digital services platform where customers who submit a claim for damage can contact the repair firms affiliated with it themselves. The platform makes it easier for customers to opt for sustainable damage repair, further boosting a.s.r.'s share of sustainable damage repair over time.

4.3 Life

Premiums and DC volume
(in € million)
3,530
2022: **2,381**

Result before tax
(in € million)
973
2022: **-963**

Operating result
(in € million)
688
2022: **590**

Operating expenses
(in € million)
401
2022: **217**

Pensions brands
a.s.r.
AEGON

Funeral brand
a.s.r.

Individual life brand
a.s.r.
AEGON

The Life segment comprises the life insurance entitities ASR Levensverzekering N.V. and Aegon Levensverzekering N.V. and their subsidiaries. The Life segment also includes ASR Premiepensioeninstelling N.V. and Aegon Cappital B.V.

4.3.1 Financial performance

Premiums and DC volume

Premium and DC volume increased by 48.2% to € 3,530 million (2022: € 2,381 million), primarily driven by the inclusion of Aegon NL (€ 1,165 million).

The organic growth of pension DC volume was driven by an increase of recurring premiums for the '*Werknemers Pensioen*' (16.6%) and the '*Doenpensioen*' (15.5%), as both of these products continued their commercial success. In addition, the DC volume increased through inorganic growth from the addition of Aegon NL. The premiums invoiced increased with the contribution of Aegon NL and through growth in Funeral premiums (8.0%), mainly driven by inflation-related indexation. This was partly offset by the decrease in the Pension Defined Benefit (DB) and the Individual life portfolio.

Assets under Management ('AuM') of the DC proposition increased to € 22.6 billion (2022: € 8.03 billion), mainly driven by the addition of Aegon NL DC AuM (€ 12.2 billion), net volume from a.s.r.'s DC products and by positive market revaluations.

Operating expenses

Operating expenses increased by € 184 million to € 401 million (2022: € 217 million). The increase in operating expenses was mainly due to the combination with Aegon Nederland and project expenses related to a new IT landscape in Pensions.

Operating result

The operating result increased by € 98 million to € 688 million (2022: € 590 million), reflecting an increase in the operating insurance service result (OISR) including the 'other' result of € 64 million and the operating investment and finance result (OIFR) of € 34 million.

The OISR including the 'other' result increased by € 64 million to € 279 million, driven by the addition of Aegon NL, and was partly offset by lower experience variance reflecting the fact that actuals are now more closely in line with assumptions. Losses on new business improved driven by increased profitability due to higher interest rates.The OIFR increased by € 34 million to € 409 million driven by the addition of Aegon NL and a positive impact from lower UFR drag (IFRS basis) due to higher interest rates. This increase was partly offset by higher investment expenses, lower asset valuations and a negative impact from accrual of the balance sheet (reflecting higher interest rates and a higher liability illiquidity premium).

Result before tax

The IFRS result before tax increased to € 973 million (2022: € -963 million), mainly due to the negative impact of investment-related incidental items in 2022, reflecting significant negative revaluations driven mainly by strongly risen interest rates in 2022.

Non-investment incidental items amounted to € -228 million (2022: € -110 million), mainly driven by the agreement with claims organisations on the unit-linked life insurance transparency file, which resulted in a provision of in total € 300 million (€ 250 million settlement and an additional provision of € 50 million) in addition to several other items (€ 75 million) comprising an one off benefit related to the settlement of separate accounts in relation to the implementation of IFRS 17 and the own pension schemes of a.s.r. and Aegon NL. The impact of incidental items this year on existing onerous contracts ('change in future services') remained limited, in contrary to 2022, which reflected the impact of exceptionally high inflation.

The remaining part of the increase was due to the improvement in the operating result (€ 98 million).

4.3.2 Pensions

a.s.r. is an important provider of pension products in the Netherlands. The business combination with Aegon NL has led to a substantial increase in the customer base. Approximately 70% of the portfolio consists of Defined Benefit (DB) schemes, but the new business and the majority of the premium income derives from the Defined Contribution (DC) schemes. The total customer base consists of some 63,000 schemes with two million participants.

A large number of customers is served by the two Institutions for Occupational Retirement Provision (IORP): ASR Premiepensioeninstelling N.V. and Aegon Cappital B.V. These two IORPs are separate legal entities and are expected to be integrated in H1 2024.

Market

Following enforcement of the Future Pensions Act (*Wet toekomst pensioenen*; WTP) on 1 July 2023, the pensions market is in full swing. The purpose of this Act is to enable all pensions to become more personal, with more choices. Communications and advice on customer options form important parts of the WTP.

All existing contracts must be adapted to this act before 1 January 2028. New contracts will be subject to the new rules immediately. This also means that all DB schemes will be converted into DC schemes in the coming years.

In order to prepare for these changes, a.s.r. is developing a new system for all its DC products, with the aim of further digitisation of communications and guidance on choices, while reducing costs. Customers expect to be able to arrange their financial affairs themselves, online, and a.s.r. wishes to facilitate this. The new target landscape went live for new business at the end of 2023. For the administration of DB schemes, a.s.r. will make use of pensions administrator TKP.

Products

a.s.r. offers a full range of pension products. a.s.r. offers employers various DC products and it offers employees a fixed and variable pension product at retirement.

For employers with DB schemes, there is the option of purchasing indexations of these rights. For pension funds that do not wish to transfer their accrued rights to the new system as a result of the WTP, but wish to transfer them to an insurer, a.s.r. offers a pension buy-out product.

Strategy and achievements

a.s.r.'s competitive position has been strengthened by the business combination with Aegon NL, the use of scale benefits and the focus on the digital transformation. a.s.r. is well-positioned and has a wealth of experience with activation and option guidance for participants in order to realise the opportunities that have arisen with the introduction of the WTP, such as pension buy outs.

Distribution of pensions takes place via independent advisors. a.s.r. maintains good relations with the advisory channel and aims to match requirements with its products and services.

The current pensions strategy consists of five focus points:

- A high level of service with high customer satisfaction and on retaining customers by helping them to make the right financial decisions and through excellent operational performance;
- The realisation of a new IT platform in order to be prepared for the future and to reduce costs;
- Through co-creation, a.s.r. forms partnerships with intermediaries, making the a.s.r. pension product more visible;
- Building the pension business of the future, in which a.s.r. and Aegon NL form a single company that invests in the development and change capacities of its people. The business combination of a.s.r. and Aegon NL leads to the realisation of scale and efficiency benefits;
- a.s.r. complies with all current legislation and regulations at all times and is in control of all processes.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph.

NPS-c Pensions

Outlook for 2024

In 2024, a.s.r. will continue to focus on growth in the DC market, the buy-out market and the market for immediate pensions. a.s.r. will continue to work on realising a single pensions business, in which a.s.r. and Aegon NL will be integrated.

The IT landscape will be developed further and the Employees' Pension product will be migrated to the upgraded landscape.

The implementation of the WTP will have an impact and a.s.r. will support its customers with the transition to the new legislation.

4.3.3 Funeral and Individual life

The Funeral and Individual life business unit combines the management of the Individual life and Funeral insurance portfolios of a.s.r. and, since 4 July 2023, the Individual Life portfolio of Aegon NL. The aim is to complete the integration of Aegon NL Life within three years. In recent years, a great deal of experience has been gained in setting up efficient operations with a single IT platform. During the process of the integration of the Aegon NL Individual life portfolio, the company will benefit in the coming years from the experience gained with the rationalisation and conversion of life insurance portfolios.

The strategic objectives remain focused on:

- The provision of good customer service, digitally as much as possible;
- The realisation of stable results for these (partially) closed portfolios;
- Smooth integration of Aegon NL business.

Market

The Dutch market for Funeral and Individual life insurance has seen major consolidation in recent years. In GWP terms, a.s.r. holds a top two position with the combined Aegon NL and a.s.r. Individual life insurance portfolio and a top three position for Funeral insurance. a.s.r. held a market share of 16,6% in new production of Funeral insurance, a slight increase in comparison with the preceding year (15,4%). Term life insurance is the only individual life product that a.s.r. actively sells.

Products

In September 2023, a.s.r. replaced the Ardanta label and offers funeral insurance under the a.s.r. brand. The rebranding and a reduction in premiums for funeral insurance from 1 January 2024 (as a result of interest rate developments in 2023) contribute towards the improvement of a.s.r.'s competitive position. In addition, unique selling points, such as the free choice of undertaker and the guaranteed premium for the entire term also add to the products' attractiveness.

Strategy and achievements

The rebranding of Ardanta was an extensive project for Funeral insurance. The first group of customers (more than 1 million insured parties) was informed in October 2023. Further steps were also taken in the long-term digitisation programme.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph. For Funeral and Individual life, see the graphs below.

NPS-c Funeral

NPS-c Individual life

Outlook for 2024

Together with retaining customer satisfaction, the integration of the organisations and the Individual life portfolios of a.s.r. and Aegon NL is the most important objective for the coming years.

Following an analysis and rationalisation of the Aegon NL portfolio, the conversions to the a.s.r. target platform are planned for 2025. This migration and rationalisation lead to benefits of scale and efficiency improvements. The focus remains on keeping the costs variable and maintaining customer satisfaction during the transition.

In addition, a.s.r. continues to work on further digitisation of customer processes under the motto 'Digital if possible, personal if necessary'. In 2024, a.s.r. will be focusing on the claims process in Funeral insurance, including new portals for the undertakers with which a.s.r. collaborates.

Nu, later en altijd.

a.s.r.'s raison d'être is to help people. Our mission is to help customers insure risks that they are unwilling or unable to bear themselves, and accumulate capital for later. a.s.r. helps with services and products that are not only good for now, but also for the long term, with future generations in mind. We make a difference by offering sustainable choices.

Maurits / Marianne:

'We show that we are on top of the latest developments'

Interview Aegon Cappital

The new Future Pensions Act (WTP) is adopted by the Dutch Senate in 2023. 'Not every employer is working on this yet, because it is a time-consuming process which involves making difficult choices', says Maurits van Vliet Senior sales consultant of Aegon Cappital, which is part of a.s.r. 'But the longer you wait, the greater the risk that no advisor will be available.' Mobility specialist Fleetkennis contacted an advisor and is now one of the first companies to be WTP-proof.

'For a very long time, we did not have a pension scheme', says Marianne van der Rijst, HR Business partner at fleetkennis in Houten. This mobility specialist manages vehicle fleets of 100 or more vehicles for medium-sized and large companies. 'Being and remaining an attractive employer is very important in our market. You need to win people's loyalty in order to be able to develop. We found that the lack of a pension scheme was becoming an HR risk. If employees can build up pensions somewhere else, that may be a reason to look for a different employer, and that's what we want to avoid. The new Act immediately made it clear to Marianne that they wanted to introduce a WTP-proof pension scheme. 'Future-proof: that was my most important starting point.'

Most important changes

For employers wishing to agree a pension scheme compliant with the WTP, a great deal will change. One important change is that in the future all employees will accrue pensions in defined contribution schemes. 'This actually means that no pension amounts will be promised any more', says Maurits van Vliet. 'The contributions will be fixed, but not the ultimate result.' Maurits works at pension administrator Aegon Cappital as a senior sales consultant. 'Every employee has their own pension savings, to which both they and the employer contribute. That money is invested and the employees themselves decide how much risk is taken in those investments.'

Another new element is that the contribution percentage will be the same at every age. At present, the contribution percentages increase as employees draw closer to retirement age. The older the employee, the higher the share invested in their pension savings. The new system works with flat and, therefore, age-independent premium rates. The contribution percentages do not rise with the age of the employee. Maurits explains: 'If you have a pension scheme for your employees that complies with the WTP rules, you have to decide whether the flat premiums will apply for all employees, or only for new staff. If you choose the latter, we refer to that as 'transitional rights'. For existing employees, the rising contributions will still apply. They will continue to accrue pensions in the same way.'

If an employer opts for the variant where the flat premium applies for everyone, that will be a major change that will be unfavourable for older employees, Maurits explains. 'For that group, the contributions will be lower which means they will have a lower pension when they retire. If you choose that option, then as an employer, you will have to think about how you will compensate that group financially.'

Pensions specialist

Because Marianne has no sufficient pension expertise she contacted a pensions specialist. On the basis of their requirements, Aegon Cappital proved to be the best choice. 'They were one of the first to have the product and the accompanying IT ready' she says. 'For instance, they have the customer portal that we want.' The speed at which Aegon Cappital had everything in order has already proved worthwhile. 'It has brought us extra customers, such as fleetkennis. They now have a pension scheme that complies with the new rules. And that gives a great signal to the market', says Maurits. 'In this way, we show that we are on top of the latest developments and can switch quickly.'

Maurits advises other employers not to wait too long with switching to a new pension scheme. 'January 2028 still seems like a long way off. But if you switch from an existing situation to the new system, you need to have your plan ready in time. This contains you choices for pension accrual, proposed compensation arrangements and any other important matters. Not every employer is working on this yet, because it is a time-consuming and laborious process which involves making difficult choices. But the longer you wait, the greater the risk that no advisor will be available.'

Start talks

In order to speed up this process, Maurits says it would be wise for employers to start talks with their employees. 'Large companies have works councils which have to give consent to changes to the pension scheme. Smaller businesses will probably not have that. So they should create a team with delegates of the employer and the employees and find an advisor who can advise them on pension accrual.' Marianne also recommends that employers who still need to take the step towards WTP-compliant pensions seek an advisor. 'They are the experts. Don't start trying to work it all out for yourself from scratch. It's all very non-transparent and difficult and, certainly for busy SME employees, it's just too big a subject. It costs too much time to do all this yourself.'

4.4 Asset Management

Operating result	Operating expenses	Asset under management for third parties
(in € million)	(in € million)	(in € billion)
78	172	29.3
2022: 39	2022: 107	2022: 28.5

Asset Management brand

a.s.r.

Real Estate brand

a.s.r.

Mortgages brands

a.s.r.

AEGON

The Asset Management segment covers all activities relating to asset management including investment property management. These activities include, among others, ASR Vermogensbeheer N.V., ASR Financieringen B.V., ASR Real Estate B.V. and ASR Hypotheken B.V.

4.4.1 Financial performance

Operating result
The operating result increased by € 39 million to € 78 million, driven by the addition of Aegon Nederland (mainly the mortgage business).

Assets under Management
Total AuM for third parties increased by € 0.8 billion to € 29.3 billion (2022: € 28.5 billion). This increase reflects the addition of AuM from the Aegon Nederland businesses (mainly pension DC), positive revaluations and net inflows in the other portfolios. This was partly offset by the (yet to be transferred) third-party AuM that is part of the transaction with Aegon Ltd. (€ 11.7 billion).

The real estate portfolio managed for third-parties increased by € 0.2 billion to € 2.6 billion (2022: € 2.4 billion), driven by new participants in the real estate funds (primarily in the ASR Dutch Farmland Fund), which was partly offset by negative revaluations (mainly in the ASR Dutch Core Residential Fund and non-a.s.r. real estate investment funds).

Mortgage origination
Mortgage origination increased by € 0.8 billion to € 6.1 billion (2022: € 5.3 billion), mainly driven by the addition of Aegon Nederland (€ 3.0 billion). a.s.r.'s own (label) mortgage origination showed a decrease of € 2.2 billion compared to 2022 due to declining appetite for mortgages as a result of rising mortgage rates. The combined market share at the end of 2023 was approximately 11% and stable compared to 2022. The assets under administration of the combined mortgage business amounted to € 88.3 billion as at 31 December 2023.

The quality of the mortgage portfolio remains very strong. Payments in arrears (>three months) amounted to less than 0.07% for the combined mortgage portfolios. Credit losses on mortgages were below 0.04 bps.

Operating expenses
Operating expenses increased to € 172 million (2022: € 107 million), mainly as a result of the higher cost base related to Aegon Nederland. The increase was also driven by higher personnel costs (including the acquisition of a real estate consultancy company in 2022) and higher license costs (inflation and expansion of license services).

Result before tax
The IFRS result before tax increased to € 92 million (2022: € 38 million), mainly as a result of the increased operating result. In addition, this increase was driven by a net positive impact from incidentals related to the Aegon transaction and the exchange of investment portfolios.

4.4.2 Asset management

ASR Vermogensbeheer N.V. (Asset management) conducts all of a.s.r.'s asset management activities, with the exception of direct real estate. Real estate assets are managed by a.s.r. real estate, as described in section 4.4.3.

Market
The asset management market is consolidating rapidly, as a result of increased legislation, stricter supervision, international competition and the realisation of economies of scale. The number of independent Dutch asset managers has been shrinking for years, while a need for specific knowledge of the Dutch market remains. This provides opportunities for a.s.r., as a focused Dutch asset manager that is close to the market, personal and solution-oriented.

Products
a.s.r. manages assets of € 104 billion, including € 16 billion for customers outside of a.s.r. The product range includes corporate bonds, government bonds, equities and mortgages. In this way, a.s.r. offers custom solutions with a sound return on investment. a.s.r. primarily invests close to home, in countries and companies that comply with a.s.r.'s social and sustainability criteria, demonstrating that sustainability and financial returns can go together. As an example, a.s.r. introduced a global impact equity fund in 2023 (Article 9 SFDR).

Strategy and achievements
a.s.r. manages assets for own account and offers asset management services for affiliated entities as well as third parties. In the long-term, companies that embed sustainability, quality and risk-spreading in their policies generate more economic and social value, at a lower risk. a.s.r.'s strategy is based on this principle. a.s.r. aims to generate sustainable returns for its stakeholders, now and in the future. For that reason, a.s.r. seeks not only financial, but also social returns, through investments that are checked for environmental aspects and human rights, and by opting for impact investments, which are long-term investments. a.s.r. does not invest in e.g. cryptocurrencies or conduct day trading. As a result, a.s.r. may miss short-term returns, but this is consistent with its focus on the result for the longer term. Furthermore, a.s.r. is able to combine the investment profession with Solvency II requirements, is cost-efficient and generates extra fee income from the successful Mortgage Fund, ESG funds and the defined contribution pensions products such as '*WerknemersPensioen*' and '*DoenPensioen*'. a.s.r. invests for its third party customers in the same way as it does for its own balance sheet. The current investment climate, characterised by high inflation, rising interest rates and increased volatility, has placed investment under pressure. One of the ways that a.s.r. protects its investment returns in the asset management environment is by investing in 'real assets', such as real estate and equities, and through proper diversification. After the business combination with Aegon NL, focus of a.s.r. is on managing the general account portfolios of the insurance entities of the combination, as well as the affiliated portfolios, especially in the pensions business.

Outlook for 2024
In 2024, a.s.r. will continue to serve its clients through a combination of asset management solutions and individual asset categories, such as fixed income and equities. As part of a.s.r.'s ESG strategy, the focus will be on impact investments in order to generate a measurable favourable social or ecological impact, in addition to financial returns.

a.s.r. will also continue its drive to increase the managed assets of affiliated portfolios and external customers. The successful ESG funds are examples of that strategy.

Part of the business combination with Aegon NL is a long-term agreement between ASR Vermogensbeheer N.V. and Aegon Asset Management in which it has been agreed that the investment portfolios relating to the Dutch activities will come under the management of ASR Vermogensbeheer N.V. In addition, the management of ASR (Separate Account) Mortgage Fund, ASR Private Debt Fund I and ASR Renewable Infrastructure Debt Fund will be transferred to Aegon AM in the course of 2024. The starting point here is that the services to the clients will continue unchanged as far as possible. The process of integration is on track.

4.4.3 Real Estate

ASR Real Estate B.V. invests in real estate and infrastructure (real assets) for own account and for institutional investors, and manages real assets portfolios. a.s.r. has been investing in real assets for over 130 years.

As a consequence of the Aegon transaction, the Real estate portfolio now includes Aegon NL's real estate portfolio and its 50% interest in the joint venture Amvest. The other 50% of Amvest is owned by PfZW, the Dutch pension fund for the care and welfare sector. As a result, the real estate portfolio of a.s.r. expanded in additional residential, health and development assets.

The Real estate portfolio at year end totalled € 11.6 billion (2022: € 7.8 billion), divided into € 5.1 billion (2022: € 5.4 billion) on behalf of a.s.r., € 4.0 billion on behalf of a.s.r. acquired from Aegon and € 2.6 billion (2022: € 2.4 billion) on behalf of institutional investors. The total inflow of new capital from institutional investors amounted to € 0.3 billion (2022: € 0.3 billion). The asset advice by a.s.r. real assets investment partners totalled € 5.5 billion (2022: € 6.2 billion), all on behalf of institutional investors.

Market

The Dutch economy has experienced a cooling-off, instigated by higher interest rates and elevated inflation. Nonetheless, unemployment remained low and wage growth through relatively strong collective labour agreements saved part of customers' purchasing power. Investment volumes remained low as buyers and sellers had yet to find a new price balance, causing downward pressure on returns. In the meantime, the occupier market was continuously supported by high employment rates and delayed new build real estate supply, which boosted occupancy rates and returns. Hybrid working and omnichannel shopping are polarising and transforming markets rather than damaging them. Rent regulation on the residential market could moderate returns, but fundamentals remain strong.

Products

ASR Real Estate B.V. manages non-listed sector funds, which invest in retail and residential properties, offices, real estate on science parks and agricultural land in the Netherlands. These real estate funds are open to institutional investors seeking stable capital growth. a.s.r. also invests in renewable energy sources such as wind farms, solar parks and estates.

a.s.r. real assets investment partners develops investment strategies, ensures their implementation and gives institutional investors control over real asset portfolios through active monitoring, reporting and engagement.

Strategy and achievements

a.s.r.'s objective in real estate is to create long-term value for investors. To this end, agreements have been made to generate returns at acceptable risk levels. In the longer term, it is important that a.s.r. makes a substantial contribution to the (economic) objectives of tenants and leaseholders. a.s.r. also has a strong focus on quality, believing that quality retains its value. It therefore invests continuously in maintenance, good quality materials, the sustainability of buildings and sustainable land use.

In 2023, a.s.r. and DSM announced that they will team up to further develop the Biotech Campus Delft as a world leader in bioscience. They will engage in a long-term collaboration where ASR Dutch Science Park Fund invests up to € 500 million in real estate at the location over a period of 20 years. With this long-term investment, a.s.r. contributes to stimulation of the Dutch knowledge sector.

In October 2023, a.s.r. received the extension permit for ASR Real Estate B.V. as a fund manager with regard to the type of infrastructure and the approval of the AFM for the ASR Dutch Green Energy Fund I. a.s.r. intends to place investments in solar and wind farms in this fund, that has yet to be structured.

As a real estate investor, a.s.r. recognises its substantial responsibility for contributing towards liveable and sustainable buildings, towns, cities and communities. By investing in appropriate and sustainable real estate, a.s.r. aims for a positive impact on the built-up environment, for present and future generations. In 2023, ASR Real Estate B.V. sharpened its ESG vision and designated four strategic themes:

- Reduce energy intensity and GHG emissions;
- Adapt to climate change and related risks;
- Regenerate biodiversity and ecosystems;
- Improve well-being and social equality.

The strategic themes are translated annually into strategic objectives in the business plans of the Funds. More information can be found on the website of ASR Real Estate B.V.

Outlook for 2024

Inflation is trending downward but is expected to remain elevated in 2024. This will create more room for economic growth, while the labour market will remain tight, with only a slight rise in unemployment. With the majority of interest rate hikes behind us, real estate market dynamics are expected to pick up gradually in 2024, finding a new price balance. Full equity investors and transformation-driven investors could profit from current devaluations. On the other hand, occupier markets are expected to remain solid as unemployment will remain low and customer spending will recover. Hybrid working is likely to further polarise the office market, with highly accessible and multifunctional office locations and sustainable assets being the most resilient. Retail real estate's pricing and fundamentals are improving and science park assets will continue to facilitate the advanced knowledge-based economy. Enduring pressure on land and housing will support the rural and residential markets, although sustainable rural transformation and residential regulation remain uncertain aspects of both investment markets.

4.4.4 Mortgages

a.s.r. operates in the residential mortgage market and provides mortgage loans to retail customers for its own account and external investors. The mortgage loans for the a.s.r. brand are issued by ASR Levensverzekering N.V. and for the Aegon brand by Aegon Hypotheken B.V. and Aegon Levensverzekering N.V.

Market

After turbulent market conditions in recent years, the market has cooled down. Mortgage interest rates have stabilised at around 4 - 4.5% after the sharp increase in 2022 and market volumes have returned to normal levels. While mortgage applications from first time buyers have remained relatively stable compared to previous years, applications for refinancing have dropped significantly on the back of higher mortgage rates.

Nonetheless, the shortage in the Dutch housing market remains severe. Combined with sharply increased wages (which improves borrowing capacity), this led to improvements in housing price developments in the second half of 2023.

Products

a.s.r. offers its mortgage products via intermediaries to its customers through two different mortgage brands; the a.s.r. and the Aegon NL brand. Under the Aegon NL brand, standard products (annuity, linear and interest-only mortgages) are offered to a broad customer base. In addition to standard products, the a.s.r. brand offers specialised products for distinct customer types. This includes products for first-time buyers, sustainable home modifications, and senior citizens.

The Aegon NL-branded products will be integrated with the a.s.r.-branded products during the integration period, in which the best elements of both products will be used for future product offering.

Strategy and achievements

a.s.r. is focused on integrating its mortgage businesses with the ambition to become a leading sustainable mortgage company in the Netherlands. The business model of a.s.r. in which mortgages are used as an attractive investment for a.s.r.'s own account as well as for external investors, will remain in place.

The geopolitical situation and interest rate volatility have impacted the investor appetite for mortgages, leading to lower production volumes. Meanwhile, the level of arrears in the mortgage portfolio remains on a very low level.

For the second year in a row, a.s.r. won the Green Lotus award. This award recognises the mortgage lender that has been the most progressive in terms of residential sustainability in the broadest sense of the word, in the view of intermediary firms and an independent jury. An important element of this award is a.s.r.'s sustainability mortgage, which offers both existing and new clients the opportunity to take out an (additional) mortgage loan for sustainable improvements.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph.

NPS-c Mortgages

Outlook for 2024

In 2024, a.s.r. expects a stabilising mortgage market due to a limited number of permits granted for new-build housing and a continuing low refinancing market. In this stabilising mortgage market, a.s.r. aims to at least maintain its market share. The mortgage businesses of a.s.r. will be further integrated, while service levels to customers remain intact. Additionally, a.s.r. is continuously investigating ways to make it easier for customers to make their homes more sustainable, so as to increase its impact on the energy transition. The recent revision of mortgage affordability tables, in which the energy performance of buildings is taken into consideration, is likely to affect housing price developments and boost the energy transition. Over time, ecological considerations (incl. climate risks) are expected to become a more important factor in the Dutch housing and mortgage market.

4.5 Bank

Net interest income	Operating result	Total capital ratio
(in € million)	(in € million)	(in %)
206	139	23.1

Banking brand

knab

Aegon Bank (Knab) was incorporated in 2012 as a customer-oriented bank for all Dutch citizens. The focus currently lies on self-employed entrepreneurs. The bank offers financial products, practical information and features tailored to the needs of self-employed persons.

4.5.1 Financial performance

This section does not contain comparative figures because a.s.r. did not have any banking activities prior to the closing of the transaction with Aegon NL on 4 July 2023.

Operating result

The operating result for the Bank segment amounted to € 139 million, which was a result of the inclusion of Knab for the second half-year.

Net interest income

The reported net interest income is mainly driven by interest income on the mortgage loans and deposits. Interest charges for the savings products are also impacted by the change in interest rates but were partly offset by an increase in interest on derivatives.

Capital ratios

The capital position was solid, with a Total Capital Ratio of 23.1% as per 31 December 2023. The leverage ratio was strong at 4.5%.

Customer savings

Despite continuing turbulence in the world, Knab sustained its growth in 2023. The number of paying customers of Knab grew in 2023 to 389,000 in total (2022: 346,000). This customer base consists of 112,000 private customers and 278,000 business customers. The growth was realised primarily through the increase in business account holders (+39,000), while the number of retail customers also showed gradual growth (+4,000). Total savings increased in 2023 by € 202 million, which continues to support Knab's growth strategy.

4.5.2 Market

The number of self-employed persons is continuing to rise sharply; the latest figures show that 1.2 million Dutch citizens are self-employed[1]. This growth illustrates the shift towards a labour market with more flexibility, in which the self-employed play an increasingly prominent role. Sectors such as IT, marketing and health care, in particular, show strong growth in the number of self-employed entrepreneurs.

4.5.3 Products

Knab tailors its product range to the needs of the self-employed. Via the Knab App, a range of commercial products that make life easier for self-employed persons is offered:

- Business current and savings accounts: A maximum of five current accounts and an unlimited number of savings accounts for € 7 per month (sole traders);
- Pension savings and investments: Two tax-friendly products for the self-employed to invest in for their pensions;
- Knab Book-keeping Package: A comprehensive book-keeping package with direct links to Knab accounts and to the Tax and Customs Administration;
- Business insurance: Eight different business insurance policies, including professional liability insurance, business liability insurance and disability insurance;
- Knab Business Loans: Business loans of between € 10,000 and € 100,000 for sole traders.

4.5.4 Strategy and achievements

Knab is a bank for the business and private finances of the self-employed. Knab offers these customers worthwhile, comprehensible products and services within three propositions, with the best customer experience taking priority: Convenience today, Solutions for tomorrow and Financial freedom in the future.

With the Convenience today proposition, Knab ensures that customers can manage their business affairs easily and efficiently, without fuss and with handy features and oversight in the Knab App, such as savings accounts and automatic saving for VAT. Knab introduced the Knab Book-keeping Package in 2023.

Solutions for tomorrow ensures that customers are insured but also that they can enable their businesses to grow. For that reason, there is now a disability insurance policy and Knab Business Loans.

The Financial freedom in the future proposition, Knab aims to ensure that entrepreneurs are also financially secure later, with the right investment and pension products. For that reason, Knab introduced new Pension Savings and Pension Investment products for entrepreneurs in 2023.

The NPS-c measures customers satisfaction during contact moments, please refer to the result in the graph.

NPS-c Bank

4.5.5 Outlook 2024

In January 2024 a.s.r. reached an agreement to sell Knab to the BAWAG Group AG for € 510 million (net asset value per 31 December 2023: € 750 million). Closing of the transaction is expected in the second half of 2024 and is subject to approval from the relevant regulatory authorities and advice from the a.s.r. Works Council. An agreement was also reached to transfer the management of the servicing of mortgages on Knab's balance sheet from a.s.r. to the BAWAG Group AG in due time after closing for € 80 million payable to a.s.r.

1 Source: Statistics Netherlands (Centraal Bureau voor de Statistiek; CBS)

At a glance
Message from the CEO
Business and strategy
How a.s.r. operates
Business performance
ASR Nederland N.V.
Non-life
Interview Soople
Life
Interview Aegon Cappital
Asset Management
Bank
Distribution and Services
Holding and Other
Governance
Non-financial statements
Financial statements
Additional information
Appendix

4.6 Distribution and Services

Total income	Operating expenses	Operating result
(in € million)	(in € million)	(in € million)
244	199	30
2022: 122	2022: 92	2022: 25

Distribution and Services brands

Boval
felison
poliservice
nedasco verzekeringen
VKG
SuperGarant groep
TKP
ROBIDUS

The Distribution and Services segment (D&S) covers activities relating to the distribution and service provision of insurance contracts and includes the financial intermediary business of Van Kampen Groep (VKG), Dutch ID (Boval, Felison), SuperGarant, PoliService, Nedasco, Robidus, and TKP.

4.6.1 Financial performance

Fee income

Fee income increased by € 122 million to € 244 million (2022: € 122 million). This increase was mainly driven by the contribution of € 108 million by the D&S entities of Aegon NL as well as by organic business growth in various portfolios and some small acquisitions.

Operating expenses

Operating expenses increased by € 107 million to € 199 million mainly due to the additional cost base of Aegon NL and several smaller acquisitions, in addition to organic growth of the business.

Operating result

The operating result increased by € 5 million to € 30 million (2022: € 25 million), driven by the contribution of Aegon NL (Nedasco, Robidus, and TKP). The growth in fee income was offset by higher operating expenses due to the growth of the business.

Incidental items

The incidental items decreased by € 17 million to € -29 million. Incidental items included the amortisation of intangible assets and a goodwill impairment.

Result before tax

The IFRS result before tax decreased by € 13 million to € 1 million despite an increase in the operating result. This was driven by a more negative impact of incidentals as a result of amortisation of intangible assets and a goodwill impairment.

4.6.2 Market

Developments in the distribution sector in 2023 show that the distribution landscape remains fluid. Ongoing consolidation and growth of larger distribution companies remain the key developments in this market. The general trend of further growth in the market share of distribution companies continued in 2023; the top 50 distribution companies further increased their market share through organic growth and acquisitions. With the acquisition of Aegon NL, a.s.r. also strengthened its position in the distribution market through the addition of the Robidus and Nedasco companies. Hybrid distribution models of insurance products, such as intermediaries and the online channel, also remain. a.s.r. is adapting to these developments in order to facilitate the independent intermediary channel.

Strategy and achievements

The D&S business, combined with organic growth of the distribution businesses acquired in previous years, strengthened a.s.r.'s market share in the distribution landscape. The business activities of these distribution companies grew compared with the corresponding period in 2022.

The top holding company Distribution and Services Holding B.V. has held responsibility for the distribution businesses since 2022. This top holding directs and coordinates (the management of) the businesses. All companies under this top holding are working to realise a.s.r.'s strategy and ambition to be a major player in the Dutch distribution market and in key sectors. Nedasco is added to the subsidiaries of this holding company on 1 January 2024.

Van Kampen Groep

Van Kampen Groep (VKG) is one of the major full-service providers in the Dutch market. It provides financial advisors with access to a wide range of financial services for retail and business customers, combined with quick and efficient handling. In 2023, VKG focused on optimising the operational processes, the cost basis and on building a future-proof IT environment and systems. ANAC, a service provider specialised in back-office services, was also added to VKG. Past acquisitions were transferred from VKG to D&S Participaties BV, with separate management, so that VKG can focus fully on future growth.

Dutch ID

Dutch ID's activities (Boval and Felison brands) are based on its mission: to let businesses conduct business. This is reflected in the sectoral service strategy, in which knowledge of industry, trade and customers is used to provide the best possible service to SMEs. This is implemented in conjunction with (sectoral) organisations such as the Netherlands Agricultural and Horticultural Association (*LTO Nederland*), evofenedex, and the Dutch Transport Operators' Association (*Transport en Logistiek Nederland*). a.s.r.'s mission is also reflected in the service strategy. In line with this strategy, Dutch ID plays an active role in the changing field of service provision, technological development and views on the insurance chain. Owing to its versatility and flexibility, Dutch ID has built a strong position as a service provider in this playing field and further strengthened its market share in 2023, primarily through the growth of its income portfolio at its subsidiary Felison.

SuperGarant

SuperGarant operates as an advisor and underwriting agent, offering services based around four main themes: insurance, absence management, other services and training. A number of past acquisitions were transferred from SuperGarant to a new entity under the top holding company with separate management, so that SuperGarant can focus fully on future growth.

Poliservice

Poliservice B.V. is a financial services provider with retail and business customers throughout the Netherlands. These services consist mainly of advising and mediating in insurance, savings, income and pensions, and mortgages.

Nedasco

Nedasco is one of the large full-service providers in the Dutch market. It offers a wide range of products and financial services from different insurers. Nedasco is active in both the commercial and the private segments and combines service with fast and efficient handling, often using automated processes. The company has achieved organic growth in recent years, primarily in the commercial damage and income segments.

Robidus

Robidus is a broker for income insurances and a service provider with a firm position in the market for large and corporate employers. It helps organisations with the execution of social security regulations. Robidus operates as a financial risk advisor and offers claim and case management services around three main themes: employability, absence and disability and occupational health. Robidus has an autonomous growth plan based on employees with in-depth knowledge and an entrepreneurial mindset. Due to its position and services in between the Employee Insurance Agency (UWV), insurers, employers and employees, it plays a vital role in people's lives to enable them to earn their own income. On a larger scale, Robidus contributes to the discussion within politics and Independent Commission on the Future of the Occupational Disability System (*Onafhankelijke Commissie Toekomst Arbeidsongeschiktheidsstelsel*; OCTAS) to provide solutions and ideas for solving execution challenges in social security.

Robidus reports to the D&S segment. It is a separate entity with their own strategy and it is not governed through the D&S holding company.

TKP

TKP administers pension rights for large corporate and industrial pension funds as well as other pension providers. Additionally, TKP takes care of the communication for these clients: from mandatory pension statements to customer contact and digital customer service. All these participants rely on TKP for correct and timely pension payments and clear and accessible pension information and communication.

In 2023, the focus laid on the transition to the new pension system. TKP entered into a new partnership with a leading IT supplier for the renewal of pension administration. The focus in the coming years is on a controlled and reliable transition to the new pension system. The first pension fund clients are expected to switch to a new pension scheme on 1 January 2025.

As a pension administrator, TKP reports to the D&S segment. It operates as a separate business line under the Life segment.

Outlook for 2024

In 2024, D&S will focus on implementing its strategy. D&S expects to increase market share through two key points. Firstly, by taking over portfolios through acquisitions, and secondly, by expanding existing portfolios at the present entities through commercial activities.

Synergy between the entities will also be strengthened further, enhancing overall service. This will be achieved through joint activities, knowledge-sharing, and the creation of a single IT landscape.

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4.7 Holding and Other

Operating result	Operating expenses	Result before tax
(in € million)	(in € million)	(in € million)
-200	24	-87
2022: -109	2022: 6	2022: -1,329

The Holding and Other segment (including eliminations) consists primarily of the holding activities of a.s.r. (including group-related activities), other holding and intermediate holding companies, the real estate development business (ASR Vastgoed Projecten B.V.), ASR Vooruit B.V., the investment firm that performs activities relating to private investments for customers, and the activities of ASR Deelnemingen N.V.

4.7.1 Financial performance

Operating result

The operating result decreased by € 91 million to € -200 million. This was mainly due to higher interest charges and operating expenses. The increase of € 69 million in interest charges to € 160 million (2022: € 91 million) for debt instruments was primarily due to the € 1 billion Tier 2 bond issue in 2022 to finance the business combination with Aegon NL. This was partly offset by non-recurring higher investment income.

Operating expenses

Operating expenses increased by € 18 million to € -24 million due to strengthening of provisions related to employee benefits, centralisation of activities and brand rationalisation.

Result before tax

The result before tax increased by € 1,276 million to € -87 million, primarily as a result of the negative revaluation of a.s.r.'s own pension scheme in 2022 due to the rising interest rate environment.

Governance

5

5.1 Corporate governance

5.1.1 Corporate Governance

This chapter describes a.s.r.'s corporate legal structure and governance. ASR Nederland N.V. is a public limited company which is listed on Euronext Amsterdam and governed by Dutch corporate law. It has a two-tier board governance structure. More information on the board governance structure can be found in sections 5.1.3 and 5.1.4.

Legal structure

a.s.r.'s legal structure with supervised entities is set out in the diagram below.

ASR Nederland N.V. is the Group's holding company.

An union exists between ASR Nederland N.V., ASR Levensverzekering N.V., Aegon Levensverzekering N.V., Aegon Spaarkas N.V. and ASR Schadeverzekering N.V. through cross-membership of the EB and the SB. This also applies to the EB of Aegon Hypotheken B.V.

ASR Premiepensioeninstelling N.V. and Aegon Cappital B.V. are Institutions for Occupational Retirement Provision (IORP). ASR Vermogensbeheer N.V. and ASR Real Estate B.V. are two Alternative Investment Fund Managers Directive (AIFMD)-licensed Alternative Investment Fund Managers (AIFM). ASR Vooruit B.V. operates as an investment firm and insurance intermediary. The EB of this company consists of two members of the MB of ASR Nederland N.V. and one other member. D&S Holding B.V. operates as a holding company for most of the entities within the segment Distribution & Services.

ASR Nederland N.V.*

Non-life	Life	Distribution & Services	Other
ASR Schadeverzekering N.V.[1]	ASR Levensverzekering N.V.[2]	D&S Holding B.V.[3]	ASR Vermogensbeheer N.V.[3]
ASR Basis Ziektekostenverzekeringen N.V.[1]	Aegon Levensverzekering N.V.[2]	Dutch ID B.V.[3]	ASR Real Estate B.V.[3]
ASR Aanvullende Ziektekostenverzekeringen N.V.[1]	Aegon Spaarkas N.V.[2]	PoliService B.V.[3]	Aegon Hypotheken B.V.[3]
ASR Wlz-uitvoerder B.V.	ASR Premiepensioeninstelling N.V. [3]	Robidus Groep B.V.[3]	ASR Vooruit B.V.[3]
	Aegon Cappital B.V. [3]	Nedasco B.V.[3]	Aegon Bank N.V.[4]
		Van Kampen Groep Holding B.V.[3]	
		Supergarant Verzekeringen B.V.[3]	

* Simplified structure and segment information. Please refer to chapter 7.4 for full legal structure of ASR Nederland N.V.
1 Registered non-life insurance companies.
2 Registered life insurance companies.
3 Other Wft-registered companies or holding company of Wft-registered companies (non-exhaustive).
4 Registered company with bank license.

On 1 February 2024, a.s.r. announced that it has reached an agreement to sell Aegon Bank N.V. to BAWAG Group AG.

5.1.2 General Meeting of Shareholders

In line with the articles of association of ASR Nederland N.V., at least one Annual General Meeting (AGM) is held per annum, no later than 30 June. The main purpose of the AGM is to decide on matters as specified in the articles of association and under Dutch law, such as the adoption of the financial statements. The articles of association also outline the procedures for convening and holding general meetings and the decision-making process. The draft minutes of the AGM must be published on www.asrnl.com no later than three months following the AGM. Shareholders are given three months to respond to the draft minutes. The minutes of the AGM are subsequently adopted and signed by the Chair of the SB and the company secretary.

In 2023, the AGM was held on 31 May. Shareholders had the option to attend the AGM physically or virtually. A total of 73.08% of the total issued share capital with voting rights was represented, either physically or by an electronic proxy with voting instructions. The agenda of the AGM included for advisory vote the following items:

- 2022 remuneration report;
- Remuneration policy for the EB and for the SB;
- Conditional remuneration of the Chairman of the EB;
- Remuneration of the SB;
- To adopt the financial statements;
- To pay a dividend for the financial year 2022;
- To grant discharge to each (former) Member of the EB and SB for the 2022 financial year;
- To extend the authorisation of the EB to issue ordinary shares and/or to grant rights to subscribe for ordinary shares;
- To restrict or exclude statutory pre-emptive rights;
- To acquire the company's own shares;
- To cancel shares held by a.s.r.;
- To reappoint Gisella van Vollenhoven and Gerard van Olphen as members of the SB;
- The proposal of the SB to reappoint Ingrid de Swart as a Member of the EB.

All agenda items were approved by the AGM. The next AGM will be held on 29 May 2024.

An Extraordinary General Meeting (EGM) was held on 17 January 2023. Shareholders had the option to attend the EGM physically or virtually. A total of 74.98% of the total issued share capital with voting rights was represented, either physically or by an electronic proxy with voting instructions. The agenda for the EGM included the following proposals:

- The approval of the Aegon transaction;
- The authorisation of the EB to issue ordinary shares and / or to grant rights to subscribe for ordinary shares and to restrict or exclude the statutory pre-emptive right;
- The opportunity for the EGM to make conditional recommendations to the SB;
- The appointment of two new members to the SB, Daniëlle Jansen Heijtmajer and Lard Friese (conditional upon closing of the Aegon transaction);
- The reappointment of Jos Baeten as member and Chairman of the EB (conditional upon closing of the Aegon transaction).

All items on the agenda were approved by the EGM.

Consultation with shareholders

Contacts with shareholders are conducted entirely in line with the policy on fair disclosure and bilateral dialogue, as published on asrnl.com. The Group's Disclosure Committee supervises compliance with laws and regulations in relation to the disclosure of price-sensitive information.

Transactions with majority shareholders

In connection with the Aegon transaction, ASR Nederland N.V. and Aegon Ltd. entered into a Relationship Agreement, in which they agreed certain governance arrangements relating to ASR Nederland. The terms of the Relationship Agreement were approved by the SB and are customary in the market, as required by best practice provision 2.7.5 of the Corporate Governance Code. For more information on the Relationship Agreement, please refer to the convocation of the January 2023 EGM.

Anti-takeover measures

Stichting Continuïteit ASR Nederland (the Foundation) was established on 26 May 2016 under Dutch law in connection with a.s.r.'s listing on Euronext Amsterdam. The Foundation has an independent board consisting of three members. The role of the Foundation is to promote the interests of a.s.r., its business and stakeholders, and protect against possible influences that could threaten the continuity, independence, strategy and / or identity of a.s.r. or its associated business to the extent that they could conflict with the aforementioned interests. If the interests of a.s.r., its business, stakeholders or continuity were to be undermined, the Foundation would be entitled - provided certain conditions under the call option agreement are met - to exercise a call option right on preference shares such that the number of preference shares acquired under the call option would never exceed the total number of shares forming the issued capital of a.s.r. at the time the call option was exercised, minus the number of preference shares already held by the Foundation (if any) at the time and minus one. Please refer to section 8.5 for more information about the Foundation.

5.1.3 Executive Board and Management Board

The EB is the statutory board as described in the articles of association and collectively responsible for the day-to-day conduct of business at a.s.r. and for its strategy, structure and performance. In carrying out its duties, the EB is guided by a.s.r.'s interests, which include the interests of the businesses connected with it, which in turn include the interests of customers, employees, investors and society. The EB is accountable to the SB and the AGM regarding the performance of its duties.

Certain resolutions made by the EB require the approval of the SB and/or the AGM. These resolutions are outlined in the articles of association and the rules of procedure of the EB and Management Board (MB). Both documents can be viewed at www.asrnl.com.

Management Board

Jos Baeten
CEO
Male, Dutch, 1958

Ewout Hollegien
CFO
Male, Dutch, 1985

Ingrid de Swart
COO/CTO
Female, Dutch, 1969

Willem van den Berg
COO Life
Male, Dutch, 1977

Rozan Dekker
CRO
Female, Dutch, 1972

Jolanda Sappelli
CHRO
Female, Dutch, 1963

Executive Board (Jos Baeten, Ewout Hollegien, Ingrid de Swart)

Management Board

Jos Baeten

Responsible for
- Audit
- Services
- Corporate Communications
- Legal & Company secretary

Additional positions
- Member of the Executive Board of the Dutch Association of Insurers (*Verbond van Verzekeraars*)
- Member of the Supervisory Board of the Efteling B.V.
- Member of the Advisory Board of the Nyenrode Executive Insurance Program
- Member of the Supervisory Board of DAF Trucks N.V. (since mid 2023)

Ewout Hollegien

Responsible for
- Asset Management
- Real Estate
- Group Finance & Risk Reporting
- Balance & Performance Management
- Aegon Bank (Knab)

Additional positions
- Chair of the Financial Economic Affairs committee of the Dutch Association of Insurers (*Verbond van Verzekeraars*)

Ingrid de Swart

Responsible for
- Disability
- Distribution and Services
- P&C
- Health
- Mortgages
- Customer Experience & Digital
- IT&C
- a.s.r. Vitality

Additional positions
- Board member of Thuiswinkel.org
- Member of the Supervisory Board of Thuiswinkel B.V.
- Member of the Supervisory Board of HumanTouch Holding B.V.

Willem van den Berg

Responsible for
- Funeral
- Individual life
- Pensions
- TKP

Additional positions
- Member of the investment committee of the Erasmus MC Foundation

Rozan Dekker

Responsible for
- Group Risk Management
- Compliance
- First line Risk & Control

Additional positions
- Member of the Supervisory Board of the Economic Research Foundation

Jolanda Sappelli

Responsible for
- Human Resources

Additional positions
- Chair of the Education and Labour Market committee of the Dutch Association of Insurers (*Verbond van Verzekeraars*)

For more information about the biographies see www.asrnl.com

Composition of the Executive Board

The articles of association specify that the EB must consist of a minimum of two members, including at least a CEO and CFO. Only candidates found to meet the fit and proper test under the Dutch Financial Supervision Act are eligible for appointment. In accordance with Article 2.2 of the Rules of Procedure of the EB and MB and Article 9.7 of the Rules of Procedure of the SB, the SB appoints the members of the EB and may suspend or dismiss an EB member at any time. In case a.s.r.'s current CEO, due to his earlier resignation or dismissal, does not serve his full term until the 2026 AGM, the appointment of the successor will require a unanimous vote of the SB (Schedule 8, part 2, Relationship Agreement). The SB notifies the AGM of proposed (re)appointments. During 2023, the composition of the EB remained unchanged, consisting of the following three members: the CEO Jos Baeten (reappointed at the January 2023 EGM, with effect from 4 July 2023), the CFO Ewout Hollegien and the COO / CTO Ingrid de Swart (reappointed at the 2023 AGM).

Management Board

As of the closing of the Aegon transaction on 4 July 2023, a.s.r.'s governance was changed by replacing the Business Executive Committee with the Management Board (MB). The reason for introducing the MB was to ensure effective management of the integration of a.s.r. and Aegon NL, as well as long-term management continuity. The MB shares responsibility with the EB for the day-to-day conduct of business at a.s.r. and for its strategy, structure and performance and shares responsibility for the implementation and realisation of the business strategy. A further purpose of the MB is to strengthen a.s.r.'s innovation power and improve customer focus. The MB ensures the direct involvement, knowledge and skills of a.s.r.'s senior management responsible for specific business areas in the decision-making process at board level. With part of the industry in motion, it is vital that a.s.r. is able to respond quickly to opportunities that arise and efficiently anticipate constantly changing customer needs.

Composition of the Management Board

Article 2.4 of the Rules of Procedure of the EB and MB specifies that the MB consists of all EB members, the CRO, the CHRO and the COO Life. MB members not being EB members are appointed, suspended and dismissed by the EB, with due observance of the DEI policy. The SB is involved in the recruitment and selection of MB members, as prior coordination with the SB is required. As of 4 July 2023, the MB consists of the members of the EB, the CRO Rozan Dekker, the CHRO Jolanda Sappelli, and the COO Life Willem van den Berg.

Code of Conduct

The Code of Conduct is the guideline for behaving with due care and integrity. When starting work at a.s.r., all employees receive the Code of Conduct, which is part of the employment agreement. All a.s.r. employees (both internal and external) take an oath or make a solemn affirmation within three months of commencing employment. During a specially organised ceremony, employees promise or declare to comply with the Code of Conduct. In this way, a.s.r. contributes to the trust that society has in financial institutions and in a.s.r. as an insurer.

The Code of Conduct contributes to optimum customer service and prescribes certain standards of behaviour in the working environment. This is then linked up with and referred to in various ways. Several workshops are organised throughout the year to discuss specific dilemmas in the workplace, moderated by a.s.r.'s internal ethicist. These workshops are open to all employees. In addition, the internal awareness programme, Gamification, ensures that the Code of Conduct and specific topics such as incentives, conflicts of interest and outside business activities receive attention throughout the year.

Executive Board

Name	Years in Board	Date of initial appointment	Date of reappointment	Appointed until
Jos Baeten	15	26 January 2009	EGM 2023	AGM 2026
Ewout Hollegien	2	1 December 2021	-	AGM 2025
Ingrid de Swart	4	1 December 2019	AGM 2023	AGM 2027

Permanent education

In 2023, specific permanent education sessions were attended by the SB, EB, and after 4 July 2023 the MB, for the purpose of further education. A series of three sessions focused on the implementation of a partial internal model (PIM) for a.s.r. During these sessions, led by Balance & Performance Management and Group Risk Management, the SB, EB, and MB were educated on the model structure and design of the PIM, the material risk drivers and their dynamics, the modelling approaches of the risk modules and the concept of aggregation and diversification. Another session, led by Group Performance Management, provided an overview and explanation of KPIs related to IFRS 17. The final session was led by Group Finance & Risk Reporting and provided an update of a.s.r.'s interest hedging strategy, including the position on derivatives.

Evaluation

The 2023 self-evaluation session of the EB and MB was conducted on the basis of a questionnaire and interviews. The outcome of the questionnaire was discussed within the EB and MB, guided by an expert consultant to further interpret the results.

The EB and MB have shown decisiveness and execution power in 2023 and therefore look back on the year positively. The Aegon transaction is the common thread in 2023. In the first half of the year, in the run-up to the closing, the EB worked towards the transaction step-by-step and in good cooperation. From Day 1 after closing of the Aegon transaction, as of 4 July 2023, the MB was installed and has been functioning well. This transition went smoothly, partly because a good kick-off meeting took place. This will be followed up by organizing periodic reflection sessions in 2024. There is an open culture within the MB where even sensitive issues can be discussed. A point of attention is to continuously challenge each other. The composition of the SB has also expanded since closing of the Aegon transaction. Communication with the SB is considered to be transparent and positive. The transaction was prepared step by step, well monitored and with optimal use of the sparring partner role of the SB. Integration remains the focus point of the MB in 2024. The MB plans the integration in phases and it is progressing well.

The performance of the EB was also assessed by the SB as part of the scope of the annual assessment process; see chapter 5.3. In this context, interviews are held twice a year with the individual EB members (by two SB members on each occasion) in which the results of the aforementioned self-evaluation are included.

The performance of MB members not being EB members was assessed by the CEO, with prior input from the SB. The assessment takes place through interviews held twice a year with the individual MB members, in which the results of the aforementioned self-evaluation are included.

Remuneration
Information on the remuneration policy for EB members and their individual remunerations can be found in chapter 5.3.

5.1.4 Supervisory Board

The SB has three roles: the supervisory role, the advisory role and the employer's role for the EB. The SB supervises the policy pursued by the EB and MB, as well as the general course of affairs at a.s.r. and its group entities. Specific powers are vested in the SB, including approving certain EB decisions.

Composition of the Supervisory Board
Article 2.1 of the Rules of Procedure of the SB specifies that the SB must consist of at least three members and no less than the number of members required to give effect to the nomination rights in respect of SB members under the Relationship Agreement. The SB currently consists of seven members: Joop Wijn (Chair), Herman Hintzen, Sonja Barendregt, Gerard van Olphen, Gisella van Vollenhoven, and as of closing of the Aegon transaction on 4 July 2023, Daniëlle Jansen Heijtmajer and Lard Friese.

In line with the Dutch Corporate Governance Code, SB members are appointed by the AGM for a four-year term. They can be reappointed for a single additional four-year term and subsequently reappointed for a period of two years, which may be extended by two years at most. Reappointments following an eight-year period must be justified in the SB report. In accordance with the rotation schedule, the terms of office of Joop Wijn and Herman Hintzen will expire at the close of the 2024 AGM.

Joop Wijn is nominated by the SB for a reappointment for a four-year-term. Furthermore, Bob Elfring is nominated to succeed Herman Hintzen. The proposal to reappointment of Joop Wijn and the appointment of Bob Elfring will be submitted to the 2024 AGM.

All the SB members passed the fit and proper test required under the Dutch Financial Supervision Act.

Diverse representation
The SB has drawn up a projected profile for its size and composition, taking into account the nature of a.s.r.'s business, its activities and the desired expertise and background of its members. The SB profile can be viewed on www.asrnl.com.

Due to a combination of experience, expertise and independence of the individual members, the SB has the skills to assess the main aspects of the a.s.r. strategy and policies. The diversity of its members ensures the complementary profile of the SB. a.s.r. will continue to aim for an adequate and balanced composition of the SB in any future appointments by taking into account the DEI policy and all relevant selection criteria such as executive experience, experience in finance and experience in the political and social environment.

Independence and conflicts of interest
In 2023, the SB was able to carry out its tasks independently pursuant to principles 2.1.7 to 2.1.9 of the Dutch Corporate Governance Code, in accordance with article 39 (1) Directive 2014/56/EU. All SB members are independent as defined in the Corporate Governance Code, with the exception of Lard Friese (due to his position as CEO of Aegon Ltd.).

Although formally legally there were no reports of potential conflicts of interest relating to members of the SB in 2023, the SB acted as such regarding to the strategic choices on Knab as a matter of prudence and an adequate measure to prevent the emergence of potential conflicts of interest.

The maximum number of other mandates for an SB member is set at five.

Supervisory Board

Name	Years in Board	Date of initial appointment	Date of reappointment	End of current term of appointment[1]	End of the term of appointment at AGM[2]
Joop Wijn	3	28 October 2020	-	AGM 2024	2032
Herman Hintzen	8	1 January 2016	20 May 2020	AGM 2024	2028
Sonja Barendregt	5	31 May 2018	25 May 2022	AGM 2026	2030
Gisella van Vollenhoven	4	30 October 2019	31 May 2023	AGM 2027	2031
Gerard van Olphen	4	30 October 2019	31 May 2023	AGM 2027	2031
Daniëlle Jansen Heijtmajer	1	4 July 2023	-	AGM 2027	2035
Lard Friese	1	4 July 2023	-	AGM 2027	2035

1 SB members are reappointed or must resign no later than the next AGM held after this date.
2 Based on the possibility of an appointment for a maximum of 12 years (two times four years and two times two years in accordance with principle 2.2.2 of the Dutch Corporate Governance Code).

Supervisory Board

J. (Joop) Wijn
Male, Dutch, 1969

- Chair of the Supervisory Board
- Chair of the Nomination & ESG Committee
- Member of the Remuneration Committee

Additional positions
- Member of the Supervisory Board and Member of the Audit Committee and the Risk Policy and Compliance Committee of NIBC Bank. Nominated by Blackstone Group for which he is an advisor

H.C. (Herman) Hintzen
Male, Dutch, 1955

- Vice Chairman of the Supervisory Board
- Member of the Audit & Risk Committee
- Member of the Remuneration Committee

Additional positions
- Non-Executive Board Member of VCM Holdings Ltd.

S. (Sonja) Barendregt
Female, Dutch, 1957

- Member of the Supervisory Board and Chair of the Audit & Risk Committee of Robeco Holding B.V. and Robeco Institutional Asset Management B.V.

Additional positions
- Member of the Supervisory Board and Chair of the Audit & Risk Committee of Robeco Holding N.V.
- Member of the Supervisory Board and Chair of the Audit and Risk Committee of Robeco Institutional Asset Management B.V.
- Chair of the Oversight Committee Robeco Indices B.V.

G. (Gisella) van Vollenhoven
Female, Dutch, 1970

- Member of the Supervisory Board
- Chair of the Remuneration Committee
- Member of the Nomination & ESG Committee

Additional positions
- Member of the Supervisory Board of Waarborgfonds Sociale Woningbouw and Chair of the Remuneration Committee
- Member of the Supervisory Board of BUNQ
- Member of the Supervisory Board of MUFG BANK (Europe) N.V
- (Substitute) councillor of the Enterprise Chamber of the Amsterdam Court of Appeal
- Chair of the Stichting Chapter Zero Netherlands
- Chair of the Supervisory Board of the stichting 100Weeks
- Member Strategic Audit Committee of the Dutch Ministry of Foreign Affairs
- Member EIOPA Insurance and Reinsurance Stakeholdergroup

G. (Gerard) van Olphen
Male, Dutch, 1962

- Member of the Supervisory Board
- Member of the Audit & Risk Committee
- Member of the Nomination & ESG Committee

Additional positions
- Chair of the Supervisory Board of de Volksbank
- Independent Director of GP House B.V.

D. (Daniëlle) Jansen Heijtmajer
Female, Dutch, 1960

- Member of the Supervisory Board
- Member of the Nomination & ESG Committee

Additional positions
- Global Director Finance, Enterprise Risk Management & Shared Services FrieslandCampina
- Member of the Supervisory Board and Chair of the Audit Committee of Uber Payments B.V.
- Member of the Curatorium EMFC of Amsterdam Business School
- Member of the Advisory Board Economics & Business of the University of Amsterdam

E. (Lard) Friese
Male, Dutch, 1962

- Member of the Supervisory Board
- Member of the Audit & Risk Committee

Additional positions
- CEO and Member of the Board of Directors of Aegon Ltd.
- Member of the Board of Directors of the Geneva Association
- Member of the Supervisory Board of Pon Holdings B.V.

For more information about the biographies see www.asrnl.com

Independence	Female members	Male members	Average age
(in %)	(in %)	(in %)	(in years)
86	43	57	61
2022: 100	2022: 40	2022: 60	2022: 59

Attendance

	Joop Wijn	Herman Hintzen	Sonja Barendregt	Gisella van Vollenhoven	Gerard van Olphen	Daniëlle Jansen Heijtmajer	Lard Friese
Supervisory Board	20/20 100%	19/20 95%	20/20 100%	20/20 100%	20/20 100%	9/9 100%	9/9 100%
Audit & Risk Committee	-	8/8 100%	8/8 100%	-	8/8 100%	-	3/4 75%
Remuneration Committee	9/9 100%	9/9 100%	-	9/9 100%	-	-	-
Nomination & ESG Committee	5/5 100%	-	-	5/5 100%	5/5 100%	2/2 100%	-

Competencies

	Joop Wijn	Herman Hintzen	Sonja Barendregt	Gisella van Vollenhoven	Gerard van Olphen	Daniëlle Jansen Heijtmajer	Lard Friese
General business management strategy	✓	✓	✓	✓	✓	✓	✓
Finance (balance, solvency & reporting)	✓	✓	✓	✓	✓	✓	✓
Financial markets / Disclosure, communication	✓	✓	✓	✓	✓	✓	✓
Audit, risk, compliance, legal & governance	✓	✓	✓	✓	✓	✓	✓
Insurance (Life, Non-life and Asset Management)	✓	✓	✓	✓	✓	✓	✓
M&A	✓	✓					✓
IT / Digital & innovation	✓				✓	✓	✓
Social / Employment			✓	✓	✓	✓	✓
Sustainability / Climate change / Policies				✓	✓	✓	✓

Evaluation and permanent education

The SB is responsible for assessing the quality of its own performance. It therefore performs an annual self-assessment and discussion of its own performance and that of its committees and members. A self-assessment with external supervision is carried out every three years. The self-assessment for 2023 was based on a questionnaire and a plenary SB evaluation session with external supervision. The following aspects were assessed:

- Role and composition of the SB;
- Effectiveness of processes (information-gathering and decision-making);
- Role as an employer;
- Advisory role and strategy.

The outcome of the assessment was discussed by the members of the SB and the company secretary, and at a later stage with the members of the EB.

The current composition of the SB is assessed as good and diversified (gender, background and complementary capabilities). The expansion of members of the SB as of the closing of the Aegon transaction has contributed to the diversity. Onboarding of the new members has gone smoothly, while preserving the transparent and positive dynamics within the SB. The SB has an open, constructive and professional relationship with the EB and the MB. Dilemmas, in general or in specific files, are openly discussed in meetings and during informal contact. The tone of voice is constructive. In 2023, the SB was actively engaged in the Aegon transaction and integration.

The SB is also satisfied with the division of roles between and within the SB committees. For permanent educational sessions attended by the SB, please refer to section 5.1.3.

5.1.5 Diversity, equity and inclusion

a.s.r. aims for diverse representation and an inclusive culture where differences are recognised, valued and contributed. a.s.r.’s Diversity, Equity and Inclusion (DEI) policy is published on asrnl.com. The EB, MB and SB believe that diverse representation, equity and belonging reinforce the success and relevance of a.s.r. as a socially desirable insurer and are necessary to create business models and develop (new) products that serve the whole of society. For further information on the DEI policy and a.s.r.’s targets in this area, please refer to section 3.3.1.

The current composition of the EB, MB and SB meets the gender target of having at least one-third female and one-third male board members. a.s.r. will aim for an adequate and balanced composition of the EB, MB and SB in its future appointments by taking into account its DEI policy and all relevant selection criteria such as executive experience, experience in finance and experience in the political and social environment.

5.1.6 Sustainability governance

a.s.r. aims to embed sustainability in all its core processes and activities. In order to continue to drive and monitor sustainability in all its aspects within a.s.r., sustainability has been earmarked as a strategic topic. Within the EB and MB, the CEO is ultimately responsible for a.s.r.’s sustainability themes. The Sustainability Workforce, coordinated by the corporate sustainability team, supports the CEO in his responsibility for the development and implementation of a.s.r.’s sustainability strategy and policies. This workforce includes delegates from the business as well as staff functions. It reports quarterly on a set of sustainability KPIs and targets to the MB, which evaluates the results achieved and takes action where necessary. The MB also sets strategic sustainability targets as part of the total set of financial and non-financial KPIs. Each year, the SB, with advice from the Nomination & ESG Committee, discusses and approves the strategic non-financial targets and progress made in these specific areas. a.s.r.'s sustainability team coordinates the implementation together with the workforce. All members of the workforce subsequently promote these strategy, policies and targets within their own focus areas.

Furthermore, the Sustainability Committee, an advisory body for dealing with a.s.r.-wide sustainability issues and dilemmas, is embedded in a.s.r.'s governance. The committee deals with dilemmas, complications and conflicting interests in the field of sustainability (including ESG and CDD/KYC), making decision-making regarding these sustainability issues more transparent for the EB, MB and SB. The committee meets at least every quarter; an emergency procedure applies to agenda items that cannot be postponed until the next quarterly meeting.

5.1.7 Corporate Governance Codes and Regulations

The current articles of association are published on the Corporate Governance section on asrnl.com. The Rules of Procedure of the SB and those of the EB and MB are also available on this site.

Dutch Corporate Governance Code

Since its listing on Euronext Amsterdam, a.s.r. is required to comply with the Dutch Corporate Governance Code. a.s.r. complies with all the principles and best practices of the Dutch Corporate Governance Code, with the exception of those that are not applicable. In the Corporate Governance section on the corporate website, a detailed comply or explain list is published, indicating which principles and best practices do not apply to it.

Professional oath

On 1 January 2013, the Dutch financial sector introduced a mandatory oath for EB and SB members of financial institutions licensed in the Netherlands. With regard to insurance companies, in addition to the EB and SB members, individuals holding a management position immediately below the EB who are responsible for employees who could have a significant influence on the risk profile of the insurance company are also required to take the oath, as are certain other employees. This includes individuals who may (independently) significantly influence the risk profile of the company, as well as those who are (or may be) involved in the provision of financial services.

Notwithstanding the above, a.s.r. has decided that all employees and other individuals carrying out activities under its responsibility must also take the oath. New employees, including temporary and external employees, must take the oath within three months of joining the company.

Disclosure of diversity and non-financial information

a.s.r. must be transparent concerning the non-financial information in its Management Report. Since the 2017 reporting year, the relevant legal requirements have been extended for large companies of public interest. Such organisations, which include a.s.r., are expected to clarify how they deal with environmental, social and personnel issues, respect for human rights and the fight against corruption and bribery in their business operations and value chain. Large listed companies must also provide insight into their policy on diversity in relation to the EB and SB. In addition, from 1 January 2022, large companies of public interest must publish information about how and to what extent their activities are associated with economic activities (eligibility) that qualify as environmentally sustainable as defined in Regulation (EU) 2020/852 (EU Taxonomy Regulation). As of 1 January 2023, the Taxonomy Regulation also requires companies to disclose to what extent their economic activities are aligned with two of the six environmental objectives, i.e., climate mitigation and climate adaptation. The information required regarding the disclosure of diversity and non-financial information can be found in section 3.3.1 and chapter 6.

5.2 Supervisory Board report

5.2.1 Meetings of the Supervisory Board

The SB convened eight regular meetings, one of which was an offsite meeting with the EB and MB, and 12 extra meetings. The extra meetings related to specific topics such as the remuneration policy, the Aegon transaction and related governance changes. The SB members were available for consultation between scheduled meetings. Regular work meetings were also held in the absence of the EB and MB, at which matters such as the self-evaluation of the SB and the evaluation of the EB members were discussed.

The SB has a good working relationship with the EB and MB. The Chair of the SB is in regular contact with the CEO, and several members of the SB are periodically approached outside meetings to give advice on various files. The SB as a whole also receives bi-monthly updates from the EB outside meetings on various developments within the company, such as business developments and (potential) M&A transactions. See section 5.1.4 for information about the attendance at SB and SB committee meetings.

Highlights

The SB looks back on a unique year, in which several milestones were achieved. These were achieved through joint effort and determination of the EB, MB and all employees. On 17 January 2023, the Aegon transaction was approved by the EGM. In connection with this, the reappointment of Jos Baeten as CEO and the appointment of two new SB members were approved, as of the closing of the transaction on 4 July 2023. Shortly afterwards, it was decided to install the MB as of 4 July 2023, to ensure effective management of the integration and long-term management continuity. The SB is pleased with the closing of the transaction and appreciates the continued commitment and discipline of all employees involved in the integration process. The SB closely supervises this process and is satisfied that integration activities are on track, including preparations for the introduction of a partial internal model for a.s.r. The SB is also satisfied with the new management structure and the current composition of the EB and MB.

Other important topics in 2023 included the implementation of IFRS 17/9, geopolitical developments and the Court of Appeal ruling on unit-linked investment insurance. On 29 November 2023 a.s.r. announced to have reached a final settlement for unit-linked life insurance customers of Aegon and a.s.r. affiliated to the interest groups *Consumentenclaim*, *Woekerpolis.nl*, *Woekerpolisproces*, *Wakkerpolis* and *Consumentenbond*. The parties have since vigorously taken up the implementation of the arrangements. Once the settlement is final all collective proceedings of the interest groups against Aegon and a.s.r. will be terminated. This will mark the close of this file and give customers clarity.

Finally, on 1 February 2024, a.s.r. announced that it has reached an agreement to sell Aegon Bank (Knab) to BAWAG Group AG. Following a thorough strategic review of Knabs activities, in conjunction with an assessment of the proposal put forward by BAWAG, the MB and SB believe that the future of Knab and the service proposition to its customers is better served by being part of BAWAG. This transaction marks an important step for Knab and a.s.r. as it maximises value for all stakeholders involved. The closing of this transaction is expected in the second half of 2024.

Strategy based on long-term value creation

Each year, the EB presents various matters to the SB for approval, such as the (quarterly) figures, the multi-year budget, the investment plan and the risk appetite. These matters were all discussed and approved by the SB in 2023.

Throughout the year, the progress of a.s.r.'s strategy and the realisation of sustainable value creation against the ambitious group and business targets for 2022-2024 was discussed in detail. For a.s.r. as an all-round insurer, this involves the portfolio strategy (as described in section 2.3) and the strategy for targeted acquisitions.

In implementing the strategy, a.s.r. adheres closely to a strict financial discipline in which value over volume is a key principle. A focus on cost and upholding financial solidity is essential for a continuation of the strong performance. Maintaining a strong balance sheet with financial flexibility offers scope for profitable growth. a.s.r. will continue to invest capital responsibly. As a result of the Aegon transaction, focus will also be on successfully integrating the two companies.

Sustainable value creation is an important part of a.s.r.'s strategy and as such an integrated part of the business processes. In the EB, the CEO is ultimately responsible for sustainable value creation. Targets, plans, progress and results are regularly discussed in the EB and MB and reported to the SB. Within the SB, sustainable value creation is integrated into the overall agenda. During the permanent education sessions of the EB, MB and the SB, attention is paid to current developments. This also includes the implementation of new and future legislation and regulations.

In 2023, SB discussions covered the following topics:

- Review of the overall strategy, including a.s.r.'s long-term value creation and growth in various business areas such as P&C, Disability, Mortgages, Asset Management, Real Estate, Pensions DC, and also key topics such as brand, reputation, sustainability and vitality;
- Digitalisation of customer service;

- Closing of the Aegon transaction and integration activities such as the appointment of Senior Management and cultural integration;
- Realisation of a partial internal model for a.s.r.;
- Corporate governance and composition of the SB, EB and MB;
- EB, MB and senior management succession planning;
- EB and SB remuneration, including the evaluation and amendment of the remuneration policy;
- HR & culture: reports on employee surveys, sustainable employability, DEI, and compliance with the a.s.r. code of conduct;
- Cyber security, innovation and technology developments;
- NPS-c and NPS-r reports and developments in the field of customer service, including the focus on reducing the number of customer complaints in 2023;
- Financial and Enterprise Risk Management, including cyber security, EIOPA rules, the Risk Appetite Statements and the ORSA;
- Annual and quarterly results, dividends, capital generation and the Solvency II capital position;
- Investor relations;
- Multi-year budget including the medium-term financial and non-financial targets framework and capital & dividend policy;
- Legal, regulatory and compliance issues, including the relationship with the Dutch regulators;
- Tax policy and developments.

M&A
The main focus of M&A in 2023 was on the closing of the Aegon transaction on 4 July 2023 and (the preparation of) the integration of the two companies. Although the EB and SB remain interested in other suitable acquisition opportunities, the main focus in the coming years will be on successfully integrating a.s.r. and Aegon NL.

Financial performance
The SB discusses the financial performance each quarter, covering standing issues such as developments in the premiums received, DC inflow, fee income, COR, Operating Result, long-term cost development, OCC and Solvency II ratio. The SB is satisfied with a.s.r.'s financial performance in 2023. The financial results are strong. The increase of the operating result reflects both organic growth and inorganic growth by the addition of Aegon NL over the second half of 2023. The FY2023 Solvency II ratio decreased to 176% reflecting amongst others the impact of the Aegon NL transaction and the unit-linked insurance product settlement. a.s.r. maintained a robust balance sheet. The impact of various scenarios were calculated and discussed, including the development of interest rates, and mortgage spread, Management actions were identified and discussed in detail.

External auditor
As of 1 January 2020, KPMG is the independent auditor of a.s.r. As a direct consequence of the Aegon transaction in July 2023, KPMG used the existing audit services of PWC in 2023 for the Aegon entities. KPMG remains the Group auditor. As part of the audit process, KPMG issued a management letter in February 2024 and a 2023 Audit report in March 2024 to the EB and SB.

KPMG has taken notice of the integration governance framework regarding the Aegon transaction in order to realise the strategic (synergy)ambition. KPMG observed that the set-up is effective and comprehensive monitoring reports are drafted. This Annual Report is the first one fully based on IFRS 17 & 9. Next step is to achieve further excellence in this finance process.

Starting from reporting year 2024 (published in 2025), a.s.r. is required to adhere to the CSRD requirements. The integration of CSRD within a.s.r. has made significant progress across various areas, but it is important to give priority to address the short timelines, workload, and available capacity. This requires the allocation of sufficient budget and capacity for effective management.

a.s.r. discussed with KPMG several migration programs that are currently planned with an impact on business processes and controls. This includes the integration plan of Aegon NL's IT applications. The Digital Operational Resilience Act (DORA) - which becomes effective as from 17 January 2025 - was also discussed. Financial institutions, including a.s.r., are required to be compliant with this act.

In 2023, significant changes in processes, systems, and controls have been implemented as a result of the IFRS 17 & 9 implementation. These changes create an overlap between the market value calculations under IFRS and Solvency II. The possibilities which arise to further harmonize the processes and internal controls were discussed with KPMG.

KPMG has reported some observations regarding the existence and effectiveness of the risk and control framework. KPMG has also provided an update on observations made in previous year.

Risk management and solvency
At the end of 2022, the SB approved the risk appetite for 2023 for a.s.r. and its supervised entities. Due to the Aegon transaction, the risk appetite was supplemented halfway through the year. The Aegon entities have been added. a.s.r.'s risk appetite is based mainly on the Solvency II regime and a prudent approach to risk management translated into standards for solvency, liquidity, efficient processes and achievable returns. The SB was satisfied with the execution of the risk management framework. The level of solvency remains acceptable and adequate, thanks to the organisation's prompt and adequate response to external developments based on the chosen risk appetite and associated risk-mitigating measures. The risk appetite is an important criterion for the SB in making tactical and strategic decisions. The SB appreciates the prudent approach taken to comply with Solvency II and other regulations and regularly engages in dialogue with the EB concerning its views on the targets and intervention level relating to Solvency II ratios.

Culture and customer interest
Every six months, the SB devotes attention to the development in customer satisfaction, based amongst others on the NPS-c report, the NPS-r report and the customer complaints report. The SB was satisfied that a.s.r. goes to considerable lengths to deliver a good NPS-c and NPS-r.

Contacts with the Works Council
As of 1 October 2023, a.s.r. implemented a Central Works Council, consisting of a delegation of the (central) Works

Councils of a.s.r. and Aegon NL. All SB members attended one or more routine consultative meetings of the Works Council. In addition to these routine meetings, the Works Council maintained regular contact with the Works Council-appointed SB members, Gisella van Vollenhoven and Daniëlle Jansen Heijtmajer. The SB also held bilateral dialogues with the Works Council, which on several occasions were also attended by one or more members of the EB.

Taking into account the interests of both a.s.r. as a whole and its employees, the Works Council makes thorough preparations when addressing the wide range of issues it is presented with, discusses these in a constructive dialogue with the EB, and issues balanced, well-considered opinions and recommendations. This also applies to the numerous requests for advice regarding the integration, which are proceeding as scheduled, and to the request for advice for the proposed reappointment of Joop Wijn and appointment of Bob Elfring, on which they advised positively. The SB wishes to express its gratitude for the continued cooperation with the Works Council and the dedication shown by its members.

Contacts with external regulators and auditors

The SB periodically consulted with DNB and AFM in 2023. The independent external auditor, KPMG, attended the SB meetings at which the annual and interim financial results were discussed. During these meetings, the auditor elaborated on the audit reports and answered specific questions.

5.2.2 Supervisory Board Committees

The SB has three committees that discuss specific issues and prepare items on which the full SB takes decisions. The Chair of each committee reports on the main points of discussion and the resulting recommendations are discussed at the subsequent SB meeting. The minutes of the committee meetings are available to the members of the SB. The three committees are:

- The Audit & Risk Committee;
- The Remuneration Committee;
- The Nomination & ESG Committee.

Audit & Risk Committee

The committee advises the SB and prepares decision-making on matters such as supervision of the integrity and quality of financial reporting and the effectiveness of internal risk management and control systems. This explicitly also includes the application of information and communication technology, including cyber security risks.

The composition of the committee is such as to represent the specific business know-how, financial, accounting and actuarial expertise relating to the activities of a.s.r.

The committee held seven regular meetings and one extra meeting in 2023. In accordance with the Audit & Risk Committee (A&RC) Rules of Procedure, committee meetings are also attended by the CFO, the CRO, the Director of Group Risk Management, the Director of Group Finance & Risk Reporting, the Manager of Compliance, the Director of Audit and the independent external auditor.

After each financial quarter, the committee discussed the financial results based on detailed financial, risk, compliance and internal and external audit reports and analyses. Progress on the recommendations of the internal and external auditor as well as of the Audit Function was monitored. The full 2023 reporting year was discussed in the first quarter of 2024, based on the quarterly internal finance report, the press release, the Annual Report, the financial statements, the Board report and the actuarial report.

The committee issued positive opinions on the Annual Report and on the financial statements to the SB. It discussed and adopted the external auditor's letter of engagement and the audit plan for 2023. The external auditors' independence and additional fees were reviewed each quarter. The management letter of the external auditor highlighting key internal control observations was discussed. The audit results report of the external auditor was also discussed and special attention was given to the reported key audit matters. The A&RC approved the updated charters and annual plans for 2024 of the Actuarial and Risk Management Function and the Compliance Function. It advised the SB to approve the updated charter and the audit plan 2023 of the internal Audit Function; this advice was followed.

Specific topics discussed in the committee included:

- Preparation and progress on the integration activities as a result of the transaction to combine a.s.r. and Aegon NL, specifically the impact on financial reporting;
- Areas of attention as a result of the initial application of IFRS 17/9;
- Progress on implementing the partial internal model as a result of the Aegon transaction;
- Cyber risks and IT security;
- Compliancy with rules and regulations.

a.s.r.'s solvency position was reviewed and discussed each quarter. Specific attention was paid to the impact of the Aegon transaction, inflation and interest rates and the development of operating costs. The A&RC discussed the risk scenarios and the outcomes of the Own Risk Self-Assessment (ORSA). In all the ORSA risk scenarios, the solvency ratio remains within the boundaries set by a.s.r., demonstrating the robustness of a.s.r.'s solvency and the effectiveness of certain management actions.

a.s.r.'s risk appetite is based on a prudent approach to risk management, which is translated into qualitative business guidelines for NFR matters and requirements for solvency, liquidity and returns for the FR matters. a.s.r.'s updated capital and dividend policy was also discussed, after which the SB approved the updated policy.

The A&RC regularly monitored the status of the risk appetite during the year through a.s.r.'s Integrated Risk Dashboard and the status report on the management of risk priorities. At the end of the year, the A&RC was informed of the outlines of the reinsurance programme for 2024.

Remuneration Committee

The Remuneration Committee (RC) advises the SB on matters including the remuneration policy for the EB and SB and the terms and conditions of employment of the EB, and reviews the remuneration of senior management.

The RC held five regular meetings and four extra meetings in 2023. Its meetings were also attended by the CEO (except when issues relating to the EB were discussed), the CHRO and the company secretary. The committee solicits support and advice from departments, including Group Risk Management, Investor Relations & Communications, Compliance, Audit and Human Resources. Where needed, it consults independent legal and pay & benefit experts.

In line with the policy, the committee advised the SB on target-setting and performance appraisals; and the yearly Remuneration Disclosure was also prepared.

The 2022 Remuneration Report was submitted to the AGM for an advisory vote; 96.8% of the votes cast were for the report and 3.2% were against. The results demonstrate the shareholders' continued broad support for a.s.r.'s remuneration policy.

In 2023, the RC finalised its comprehensive analysis of the remuneration policy for the EB. Based on the results of this analysis and the advice of the Works Council, the RC proposed a revised remuneration policy to the SB, which was adopted by the 2023 AGM with 99.2% votes in favor. The remuneration for EB and SB members was also evaluated and a proposal in this respect was also adopted by the AGM.

Nomination & ESG Committee

The Nomination & ESG Committee (N&ESGC) advises the SB on its duties and prepares the SB's decision-making in this respect. The Committee advises the SB on ESG topics, selection and appointment procedures and the composition of the EB and SB; it also prepares the (re)appointment of its members. The N&ESGC met five times in 2023. Its meetings were also attended by the CEO (except when issues relating to the EB were discussed), the CHRO and the company secretary.

In 2023, the N&ESGC undertook a selection process of the MB and senior management for the new combination.

The retirement schedule of the SB was also discussed, including the search of a successor of Herman Hintzen. Bob Elfring is nominated to succeed Herman Hintzen, who will complete his second term by the end of the AGM 2024. Bob Elfring has a broad knowledge of the financial sector and capital markets and is an experienced supervisor. Further, Joop Wijn, Chairman of the Supervisory Board of a.s.r., is nominated for a second term of appointment until the AGM 2028.

Other topics discussed by the N&ESGC were the evaluation of the DEI policy and the results of the Cultural Diversity Barometer. The committee also discussed the annual appraisals of senior management. A nine-box grid was used to evaluate senior managers and to discuss their individual development and possible successors. The committee was also informed of the results of the Denison scan, a tool used to measure the success of the organisation. For more information, please refer to section 3.3.

With regard to ESG, the N&ESGC discussed the various developments in this field and related legislation and what this means for a.s.r. as a sustainable insurer, such as progress on the targets of the various themes, with a focus on the strategic pillars from the strategic framework for sustainability and internal and external developments in this area such as climate change and biodiversity. Progress on the non-financial targets was also discussed and advice was given on new medium-term targets in that area.

Financial statements and dividend

The EB prepared the 2023 Annual Report and discussed it with the SB in the presence of the external auditor. The 2023 financial statements will be submitted for adoption by the AGM on 29 May 2024. a.s.r. will propose a dividend of € 2.89 per ordinary share (including the interim dividend paid).

Appreciation

The SB wishes to express its gratitude to all the employees of a.s.r., including the employees of Aegon Nederland, for their dedication in 2023, and in particular for their continued efforts and support for the integration of the two companies. Together, we are creating a strong and sustainable insurance leader in the Netherlands that helps customers to share risks and build capital for the future. The SB also wishes to express its gratitude to the members of the EB, MB, and senior management for their impressive leadership of a.s.r. and for achieving a good operational result and increased customer satisfaction.

Utrecht, The Netherlands, 2 April 2024

Joop Wijn (Chair)
Herman Hintzen
Sonja Barendregt
Gisella van Vollenhoven
Gerard van Olphen
Daniëlle Jansen Heijtmajer
Lard Friese

5.3 Remuneration report

5.3.1 Introduction

The remuneration policy of a.s.r. is clear, understandable and focused on sustainable long-term value creation for the company. In addition, the policy reflects the interests of a.s.r.'s stakeholders. Four perspectives underpin the remuneration policy (see also section 5.3.2). The SB continuously reviews and evaluates the remuneration policy and has done so in the last year. Part of this was a consultation round with various stakeholders. Based on the evaluation, a proposal to update the remuneration policy was developed that is sustainable, does justice to the positioning and size of a.s.r. and is still well aligned with the four perspectives underlying this policy. In addition, considerations regarding the labour market position and continuity of (the management of) the company played a role in the proposed amendments.

Based on the results of a comprehensive analysis, the advice of the Works Council, and the dialogue within the Remuneration Committee and the SB, the proposal for an updated remuneration policy was put to a vote at the 2023 AGM and adopted with 99.2% votes in favour.

The most important elements of the policy did not change: remuneration for EB members continues to consist of only fixed components (no variable remuneration). The reference group consists of Dutch financial and listed companies comparable in size and the median serves as a guide for the maximum salary scales of the EB.

The updated remuneration policy contains the following changes:

- Introduction of a fixed payment in shares to the remuneration structure;
- Remuneration for EB members will at most be around the median;
- Recalibration of the reference group based on market capitalisation and the ratio between financial and non-financial institutions;
- Introduction of a Europe Control group of at least 10 European financial institutions.

In 2023, the remuneration report (based on the previous remuneration policy adopted in 2019) was submitted for an advisory vote at the AGM. With 96.8% votes in favour of the report (2022: 97.99%), shareholders reiterated their broad support for a.s.r.'s remuneration policy.

a.s.r. is of the opinion that with the current remuneration policy, it continues to meet the requirements of the Shareholder Rights Directive II (as incorporated into Dutch law) applicable to it. The current remuneration policy was adopted by more than 75% of the votes cast.
The remuneration policy is clear and comprehensible and explains how it contributes to a.s.r.'s strategy, sustainability and the interests of stakeholders. The identity and positioning of a.s.r. and the remuneration relationships within a.s.r. were taken into account, by providing a framework for the four perspectives: the organisational perspective, the internal perspective, the external perspective and the stakeholder perspective. The 2023 Remuneration Report will be submitted to the AGM for advice.

5.3.2 Remuneration policy

The remuneration policy pertains to the remuneration of the Executive Board (EB) and the Supervisory Board (SB). The remuneration policy consists of:

- A fixed salary within a salary scale (no variable remuneration system);
- EB members progress through the scales in the same way as a.s.r. employees;
- Part of the fixed salary is paid out in shares.

The following four perspectives are used as a basis for the remuneration policy:

1. The organisational perspective: how a.s.r. presents itself as a company;
2. The internal perspective: consistency in the internal salary structure;
3. The external perspective: competitive with the external market;
4. The stakeholders' perspective: taking into account the views of different stakeholder groups on remuneration: customers, shareholders, employees, and society.

The organisational perspective
It is a.s.r.'s view that society may expect it to be a valuable insurer which handles the funds entrusted to it and the environment in which it operates in a responsible way.
With respect to the remuneration of the EB, society may expect this to be in line with a.s.r.'s profile, and that both the remuneration policy and the level of executive remuneration are reasonable from that perspective.

In line with this perspective, a.s.r. has a fixed salary only and no variable remuneration scheme. a.s.r. is of the opinion that such a scheme is not in line with the company's culture. The opinion of society towards variable remuneration in the financial sector is also relevant in this respect.

The internal perspective
All a.s.r. employees have job-weighted salaries within defined salary scales that they progress through over time. The remuneration of EB members is determined by the various roles within the EB and fall within certain salary scales. The link between roles and salary scales is consistent

throughout the organisation. For all employees including the EB, the maximum of a salary scale is at most around the median of the reference group.

In principle, EB members progress through the salary scales in the same way as employees. For employees, an annual growth of 3% of the maximum of the scale is applied (provided there is upward room in the scale). For EB members, the SB has the mandate to slightly adjust this growth path upwards or downwards (growth of 0% to 6%), taking into account a.s.r.'s performance and the principles of the remuneration policy. The SB accounts for this in the annual remuneration report.

The a.s.r. Collective Labour Agreement (CLA) applies to the EB with regard to salary indexation.

The external perspective

a.s.r. pays its employees a salary in line with the market. Market conformity is tested against a reference group. The reference group for the EB consists of Dutch financial institutions and Dutch listed companies, many of which have a social profile and of which at least half must be financial institutions including insurers. To be included in the reference group, the non-financial institutions must meet at least two of three criteria for comparable size with a.s.r. These criteria are: turnover, market capitalisation and number of employees. All remuneration data of companies in the reference group must be published individually. a.s.r.'s position is approximately in the middle of this reference group.

The SB also periodically tests the median against a Europe Control group, consisting of at least 10 European financial institutions. The Europe Control group serves as an additional check of the median that follows from the reference group, so that European developments in this area can also be monitored. The Europe Control group has no direct effect on the median or the remuneration set.

The 2023 reference group for other employees is the financial services industry. For some positions within Group Asset Management and Real Estate, the reference group is the asset management market. To prevent the salary scales of employees and the EB from diverging too much, partly as a result of the difference in reference groups, salary scales of the EB are validated against the reference group of other employees bi-annually. If the gap widens too much, this may be a reason to adjust the maximum of the salary scales of the EB members. The ratio between the remuneration of the CEO and the average remuneration of a.s.r.'s employees must be less than 20.

The stakeholders' perspective

The structure of the remuneration policy was reviewed against the views of shareholders, customers, employees and society. The views and interests of these different stakeholder groups are taken into account as much as possible.

Customers must be able to rely on a solid insurance company that offers understandable products and services at a reasonable price. Customers must be able to rely on the company to handle the funds entrusted to it with care; this includes a reasonable remuneration policy. Society expects a financial institution that contributes to society as a whole. Employees expect a reliable employer that ensures the long-term continuity of the company. Employees expect adequate remuneration for their efforts. With regard to board remuneration, they expect their remuneration and any changes to fit the character of the company and to be explainable. Shareholders benefit from a solid company that offers attractive returns. Shareholders expect alignment of the board with their interests, with executive remuneration keeping pace with the company's performance. The remuneration policy should be such that high-quality board members can be retained and attracted.

Periodical review

The Remuneration Committee reviews the principles of the remuneration policy against the four perspectives (at least) once every four years. The remuneration policy is submitted for a vote (at least) once every four years at an AGM. The market comparison (remuneration benchmark) is carried out once every two years by an external and independent consultancy firm.

The performance of each EB member is reviewed annually, based on a set of financial and non-financial targets approved by the SB. The targets for 2023 can be summarised as follows:

- Shareholder: realisation of the financial targets and the financial KPIs in the multi-year budget within the established risk appetite and with a visible focus on sustainable long-term value creation;
- Customer: targets to improve a.s.r.'s service and to retain its customers over a long(er) period. This target is measured by tracking the development of both the NPS and the scores of the annual reputation survey. Other targets include expansion of financial services, further digitisation in the interest of the customer, and sustainable reputation;
- Employee: a minimum annual Denison scan score of 86;
- Society: further expansion of the positioning of a.s.r. as a sustainable long-term value-creating insurer and socially aware financial institution. This is measured by different ratings and benchmarks;
- Sustainability targets: Carbon footprint reduction across the whole investment portfolio, and an increase in impact investments.

These targets are complemented by specific strategic priorities for each EB member, such as the integration of a.s.r. and Aegon NL, implementation of IFRS 17/9, implementation of a partial internal model for a.s.r., and the details of the digitalisation roadmap. Targets are discussed periodically during various evaluation meetings between the SB and (members of) the EB. After assessing the financial and non-financial targets of a.s.r. and the performance of the EB, all in relation to the perspectives of the remuneration policy, the SB may adjust the growth path of EB members within their salary scale from 0% to 6%.

Contractual aspects

EB members work on the basis of an indefinite contract for services. Each contract ends by operation of law as soon as a party ceases to be an EB member. A contract can also be terminated with a notice period of six months for a.s.r. and three months for an EB member. The contracts also contain a provision for dismissal due to a change of control.

The following conditions apply to severance pay for policymakers (which includes EB members):

Pay ratio

(units specified below)	2023	2022
Annual total compensation for the highest-paid individual (in €)	1,470,000	1,215,000
Average annual total compensation for all employees (in €)	111,000	106,000
Average pay ratio (in %)	13.2	11.5
Average pay ratio difference compared to previous year (in %)	14.8	

- The maximum severance pay is 100% of the (fixed) annual remuneration;
- Severance pay is not awarded in the event of the company's failure;
- No severance pay is awarded that can be classified as variable;
- Severance pay may not be awarded to any employee (including EB members) in the following cases:
  - If an employment relationship is terminated prematurely at the employee's own initiative, except where this is due to serious culpable conduct or neglect by the employer.
  - In the event of serious culpable conduct or neglect by the employee and/or an urgent reason for instant dismissal applies.

Pay ratio

a.s.r. is transparent concerning the remuneration of the EB, not only in terms of actual amounts, but also in accordance with Dutch law and the Dutch Corporate Governance Code as compared with the average remuneration of all employees of a.s.r. As laid down in the remuneration policy, the ratio between the remuneration of the CEO and the average remuneration of the employees at a.s.r. should at all times be less than 20. The current pay ratio is 1:13.2. The SB feels that this pay ratio is reasonable. Compared to the remuneration of other executive directors of comparable companies, this pay ratio is among the lowest.

5.3.3 Executive Board

The remuneration of current EB members is in accordance with the remuneration policy. Neither a.s.r. nor any Group company provides any loans, advances or guarantees on behalf of an EB member.

The comparative chart below shows the remuneration and company performance over the last five reported financial years. Company performance is expressed in terms of operating result per share. The average remuneration of employees (who are not EB members) is also shown, and this is also used to calculate the pay ratio. Finally, the average EB remuneration (CEO and CFO) is presented.

The full remuneration policy can be found at www.asrnl.com.

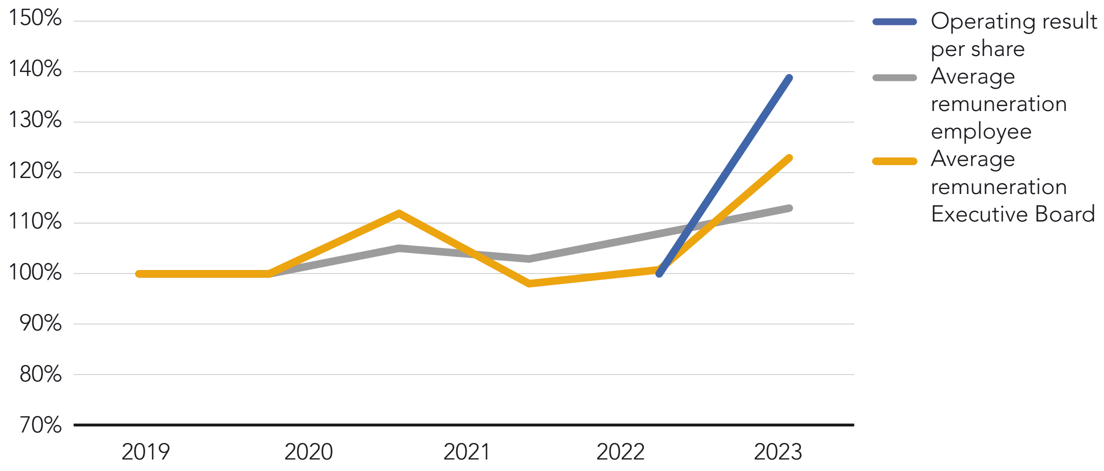
Pensions

The calculation of annual pension expenses is based on the total pension rights granted during a term of service at a.s.r. Pension expenses include:

- Pensions based on a maximum pensionable salary cap (€ 128,810, fiscal maximum);
- Compensation for the maximum pensionable salary cap (to be used for pensions at the employee's discretion);
- Pension benefits related to historically awarded pension rights;
- VPL (early retirement and life cycle; 'VUT, Prepensioen en Levensloop').

All components of EB remuneration are included in the basis used for calculating pension benefits. EB members have the same pension scheme as a.s.r. employees.

In 2022, a.s.r. and the labour unions came to an agreement (and thereby a commitment) to add additional funds to the indexation of the defined benefit plan, which until the commitment could not be allocated to the individual participants in the defined benefit plan. As a result of the commitment, the indexation granted to EB members in 2023 is as following: Jos Baeten € 253,853 and over 2022 € 234,351, Ewout Hollegien € 4,880 and over 2022 € 6,866 and Ingrid de Swart € 751 and over 2022 € 823. In addition, the indexation granted in 2023 to former EB members who



* Please note the Operating result per share figure is including Aegon NL. The Average remuneration employee figure is excluding Aegon NL. This is in line with the overall scope of this Annual Report.

are participants in the defined benefit plan is € 1,256,396 and over 2022 € 1,503,676.

Remuneration in 2023

Based on the benchmark and in line with the remuneration policy, the CEO's salary scale is currently between € 977,412 and € 1,396,304. For the CFO and the COO/CTO, a salary scale of € 757,871 to € 1,082,673 applies. The benchmark is set every two years. The positioning, scale maximum and resulting bandwidth of the scales are then assessed and may be adjusted in relation to the resulting median.

The reference group 2023, which consists of 16 companies and the Europe Control group currently consists of 16 financial companies.

2023 was a phenomenal year for a.s.r. with strong financial results. Also the closing of the acquisition of Aegon Nederland N.V. was achieved on schedule in July. Various integration milestones were also achieved with tight deadlines. The employer integration on 1 October 2023 is one example, as is the HR payroll migration per January 2024. Further to the advice of the Remuneration Committee, it was therefore decided to grant a salary increase of 6% to all members of the EB as of 1 January 2024.

Furthermore, under the CLA (applicable from 1 January 2023 until 1 July 2024), a.s.r. employees were given an indexation of their salary of 3% from 1 July 2023. This increase also applies to EB members.

Remuneration in a.s.r. shares

As from 1 July 2023, part of the (fixed) remuneration of the EB members is paid in a.s.r. shares, being 20% of the fixed cash remuneration. For the current CEO, an exception applies until the end of his term of appointment (2026 AGM): 30% of his fixed cash remuneration is paid in a.s.r. shares. All shares must be held for at least five years. Furthermore, EB members (as long as they are employed) must hold at least 100% of their fixed gross annual salary in shares before they are allowed to sell any shares. Any sale of shares is subject to the a.s.r. regulations on the handling of private transactions in financial instruments and applicable law. The following table shows how much remuneration for each EB member was paid in a.s.r. shares in 2023.

Participation in a.s.r. shares

Until the amendment of the remuneration policy as per 1 July 2023, EB members were committed to purchasing a certain percentage of their remuneration in a.s.r. shares (75% for the CEO and 50% for other EB members) and holding these shares for at least five years. The shares are not variable remuneration, nor a remuneration in shares.

The number of shares that are allocated (granted) to EB members are calculated as a function of (1) the defined percentage of the fixed salary at allocation date and (2) the applicable stock price at Euronext. The applicable stock price is defined as the opening stock price on the 1st trading day after the salary-payment date in each month. The salary payment dates are pre-defined in the salary payment schedule and set by the Human Resources department. The shares are purchased by the EB at a discount of 18.5%. The average grant price of the shares was € 32.12, which is equal to the opening stock price on the Euronext Amsterdam stock exchange on the 1st trading day after the salary-payment date in each month in the period July to December 2023, taken into consideration the aforementioned discount. The shares granted in 2023 relate to the period July-December, as the modified remuneration policy came into force. The shares are in a lock-up period of five years.

The participation of shares of the EB can be found in the table on the next page.

Reference group

Organisation	Index
Aalberts N.V.	AMX
ABN AMRO Bank N.V.	AEX
Achmea B.V.	Not listed
Aegon Ltd.	AEX
ASM International N.V.	AEX
Coöperatieve Rabobank U.A.	Not listed
De Volksbank N.V.	Not listed
IMCD N.V.	AEX
ING Groep N.V.	AEX
JDE Peet's N.V.	AMX
Koninklijke KPN N.V.	AEX
Koninklijke Vopak N.V.	AMX
NN Group N.V.	AEX
OCI N.V.	AMX
Signify N.V.	AMX
Van Lanschot Kempen N.V.	Not listed

Europe Control group

Organisation
Ageas SA/NV
Bâloise Holding AG
Beazley plc
Direct Line Insurance Group plc
Gjensidige Forsikring ASA
Grupo Catalana Occidente, S.A.
Hannover Rück SE
Helvetia Holding AG
Hiscox Ltd
Phoenix Group Holdings plc
SCOR SE
Storebrand ASA
Tryg A/S
Unipol Gruppo S.p.A.
UnipolSai Assicurazioni S.p.A.
Wüstenrot & Württembergische AG

a.s.r. shares EB

(in €)	As at 1 January 2023	Participation in a.s.r. shares in 2023	Granted and vested in 2023	As at 31 December 2023	In % of gross annual salary[1]
Jos Baeten	8,827	1,386	2,471	12,684	40.3
Ewout Hollegien	911	729	1,252	2,892	14.0
Ingrid de Swart	3,810	729	1,350	5,889	24.1
Total	**13,548**	**2,844**	**5,073**	**21,465**	

2023 remuneration for members of the Executive Board

(in € thousands)	Fixed remuneration				Variable remuneration					
Executive Board member	Base salary in cash	Base salary in shares	Fees	Fringe benefits[2]	One-year variable	Multi-year variable	Extraordinary items	Pension expense[3]	Total remuneration	Fixed portion of the total remuneration
Jos Baeten, CEO	1,033	157	-	15	-	-	-	264	1,469	100%
Ewout Hollegien, CFO	756	80	-	24	-	-	-	100	960	100%
Ingrid de Swart, COO / CTO	846	86	-	24	-	-	-	161	1,117	100%
Total	**2,635**	**323**	**-**	**63**	**-**	**-**	**-**	**525**	**3,547**	**100%**

2022 remuneration for members of the Executive Board

(in € thousands)	Fixed remuneration				Variable remuneration					
Executive Board member	Base salary in cash	Base salary in shares	Fees	Fringe benefits[2]	One-year variable	Multi-year variable	Extraordinary items	Pension expense[3]	Total remuneration	Fixed portion of the total remuneration
Jos Baeten, CEO	946	-	-	14	-	-	-	255	1,215	100%
Ewout Hollegien, CFO	664	-	-	23	-	-	-	82	769	100%
Ingrid de Swart, COO / CTO	777	-	-	19	-	-	-	152	948	100%
Total	**2,388**	**-**	**-**	**55**	**-**	**-**	**-**	**489**	**2,932**	**100%**

1 Base salary in cash and shares
2 Variations arise as a result of the fiscal treatment of lease vehicles depending on the price and private use of the car, personal allowance and social security.
3 The post-employment defined benefit plan of a.s.r. ended 31 December 2020. A new defined contribution plan started from 1 January 2021. The defined benefit obligation will continue to exist, but no further regular annual premium contributions will be paid to the plan. All members of the Executive Board participate in the defined contribution plan. The annual pension expenditure is based on a premium table. Further changes in the cost of pension benefits are mainly due to the impact of age. The pension costs include defined contribution pensions based on maximum pensionable salary cap, compensation for the maximum pensionable salary cap (to be used for pensions at the employees' discretion in total), and VPL. The amount presented is excluding amounts related to the indexation of the defined benefit plan, as they are not expenses in the current year.

5.3.4 Supervisory Board

Remuneration paid to SB members is not linked to the financial performance of a.s.r. and none of the SB members own a.s.r. shares. SB members are entitled to the following remuneration, as adopted by the 2023 AGM:

- A base fee for each SB Member and the Chair;
- A committee fee for each Member and Chair of a committee of the SB.

In determining the level of remuneration, the responsibilities and time commitment of an SB of a listed financial institution are taken into account as stated in the Dutch Corporate Governance Code, including with respect to:

- Revised and increased legislation and regulations;
- Fundamental changes in the nature and complexity of the business and governance;
- a.s.r.'s profile, in which organic growth, mergers, acquisitions and collaborations in complex insurance areas are actively explored and/or pursued.

The remuneration level within the reference group used is also taken into consideration. The reference group for the SB is the same as the reference group for the EB.

An overview of the remuneration for the SB is shown in the table.

SB Members who also serve on the SB of ASR Basis / Aanvullende Ziektekostenverzekeringen N.V. or on the SB of ASR IORP receive an additional € 6,000 per annum. No additional fees are paid to EB Members who are also members of the SB of a Group company.

Remuneration of Supervisory Board members in 2023

The remuneration of current and former members of the SB is in accordance with the remuneration policy. Neither a.s.r. nor any Group company provides loans, advances or guarantees on behalf of an SB member.

A basic principle of a.s.r.'s current remuneration policy (both for the EB and the SB) is that remuneration should be at most around the median for the reference group. The annual benchmark study commissioned by the SB in 2022 showed that the remuneration levels of the SB were significantly below the median for the reference group. Furthermore, the responsibilities and time commitment of SB members have become considerably more intense and complex in recent years. Also, a.s.r. has experienced important developments and changes in the nature and complexity of the business and governance. a.s.r. has also strengthened itself in recent years with targeted acquisitions, including the Aegon transaction. These continuing developments require solid knowledge and experience at SB level, as well as an increased time commitment. At the 2023 AGM, it was therefore proposed to adjust the remuneration of the SB as set out in the above table, which proposal was adopted by the AGM with 97.8% votes in favour.

SB fees

(in €)	2023[1]	2022
Supervisory Board		
Chair	75,000	50,000
Member	50,000	35,000
Audit & Risk Committee		
Chair	15,000	15,000
Member	10,000	10,000
Remuneration Committee		
Chair	10,000	10,000
Member	5,000	5,000
Nomination & ESG Committee		
Chair	10,000	10,000
Member	5,000	5,000

1 Change in SB fees applicable per 1 July 2023.

2023 remuneration for members of the Supervisory Board

(in € thousands)	Fixed remuneration			
	Base salary	Fees	Total remuneration	Fixed portion of the total remuneration
Joop Wijn[1]	63	15	78	100%
Herman Hintzen[2]	43	15	58	100%
Sonja Barendregt[3]	43	21	64	100%
Gisella van Vollenhoven[4]	43	26	69	100%
Gerard van Olphen[5]	43	15	58	100%
Daniëlle Jansen Heijtmajer[6]	25	3	28	100%
Lard Friese[7]	25	5	30	100%
Total	**283**	**100**	**382**	**100%**

2022 remuneration for members of the Supervisory Board

(in € thousands)	Fixed remuneration			
	Base salary	Fees	Total remuneration	Fixed portion of the total remuneration
Joop Wijn[8]	50	15	65	100%
Herman Hintzen[2]	35	15	50	100%
Sonja Barendregt[3]	35	20	55	100%
Gisella van Vollenhoven[4]	35	23	58	100%
Gerard van Olphen[5]	35	15	50	100%
Daniëlle Jansen Heijtmajer	-	-	-	n/a
Lard Friese	-	-	-	n/a
Total	**190**	**88**	**278**	**100%**

1 Fees in 2023 are amounts received as Chair of the N&ESG Committee (€10,000) and as Member of the Renumeration Committee (€5,000). Fees in 2022 are amounts received as Chair of the N&ESG Committee (€ 10,000) and as Member of the Remuneration Committee (€ 5,000).
2 Fees in 2023 are amounts received as Member of the A&R Committee (€ 10,000) and the Renumeration Committee (€ 5,000). Fees in 2022 are amounts received as Member of the A&R Committee (€ 10,000) and the Remuneration Committee (€ 5,000).
3 Fees in 2023 are amounts received as Chair of the A&R Committee (€ 15,000) and as Member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 6,000). Fees in 2022 are amounts received as Chair of the A&R Committee (€ 15,000) and as Member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 5,000).
4 Fees in 2023 are amounts received as Chair of the Remuneration Committee (€ 10,000), as Member of the N&ESG Committee (€ 5,000), as Member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 6,000), and as Member of the SB of PPI (€ 5,000). Fees in 2022 are amounts received as Chair of the Remuneration Committee (€ 10,000), as Member of the N&ESG Committee (€ 5,000), as Member of the SB of ASR Basis/Aanvullende Ziektekostenverzekeringen N.V. (€ 5,000), and a partial year as Member of the SB of PPI (€ 2,500).
5 Fees in 2023 are amounts received as Member of the A&R Committee (€ 10,000) and as Member of the N&ESG Committee (€ 5,000). Fees in 2022 are amounts received as Member of the A&R Committee (€ 10,000) and as Member of the N&ESG Committee (€ 5,000).
6 Daniëlle Jansen Heijtmajer was appointed to the SB on 4 July 2023. Fees in 2023 include amounts received as Member of the N&ESG Committee (€ 2,500, reflecting a partial year).
7 Lard Friese was appointed to the SB on 04 July 2023. Fees in 2023 include amounts received as Member of the A&R Committee (€ 5,000, reflecting a partial year).
8 Fees in 2023 are amounts received as Chair of the N&ESG Committee (€ 10,000) and as Member of the Renumeration Committee (€ 5,000). Fees in 2022 are amounts received as Chair of the N&ESG Committee (€ 10,000) and as Member of the Remuneration Committee (€ 5,000).

5.4 Employee participation

5.4.1 Composition of the Works Council

Prior to the Aegon NL transition, ASR Nederland NV had a Works Council in place, with nine subcommittees for the various business units. This was also the situation in 2023, until the employer integration as part of the integration of a.s.r. and Aegon NL. The Works Council discussed issues with the Executive Board that were relevant to the entire organisation, while the subcommittees dealt with issues relating to their specific business units. The Employee Council included representatives of the subcommittees and the Works Council.

As a result of the acquisition of Aegon NL, it was deemed necessary to restructure a.s.r.'s employee participation. A proposal for this was made by the a.s.r. Works Council together with the Aegon Central Works Council, which was implemented in consultation with the Executive Board.

Following the employer integration, the new structure was launched. Until the end of 2024, the employee participation body will consist of:

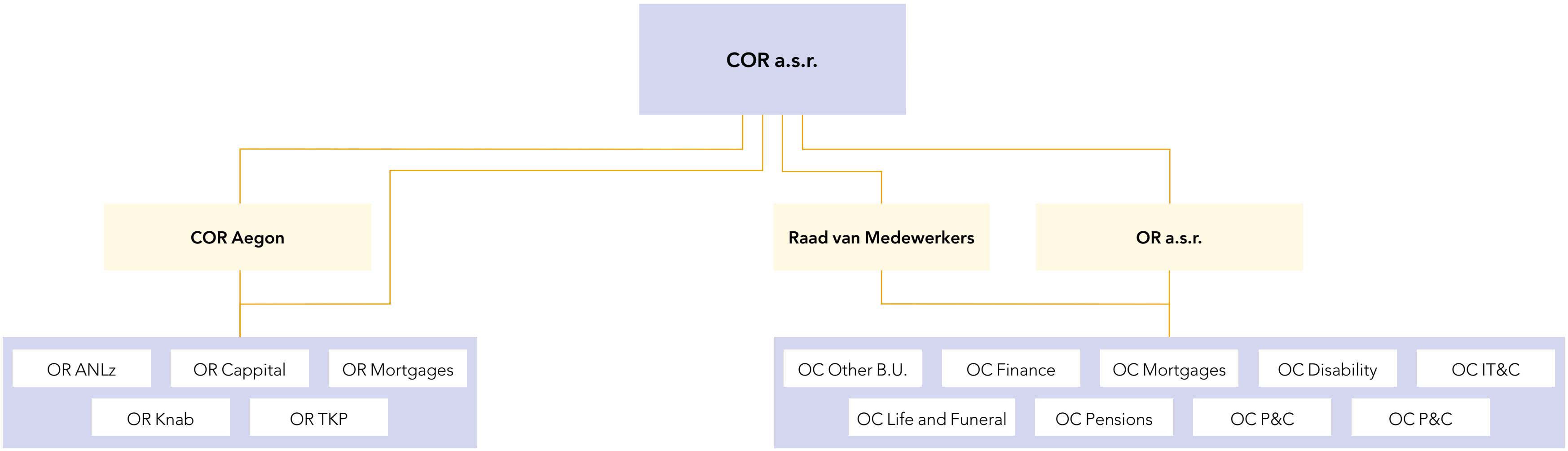
- A Central Works Council of a.s.r. (Central Works Council), in which six members of a.s.r.'s Works Council have a seat together with six members of Aegon's Central Works Council;
- The nine subcommittees of a.s.r., which continue to have the same set-up, namely Mortgages, Disability, Life & Funeral, Pensions, Non-life, Health, IT&C, Finance, and Other business units;
- Aegon's Works Councils, which are also represented on the Central Works Council; these are the Aegon NL, Knab, Mortgages, TKP and Aegon Cappital Works Councils;
- The Employee Council remains in place, comprising the 12 members of the Central Works Council and representatives of the subcommittees.

5.4.2 Main themes during 2023

Closing and integration of Aegon NL

Throughout the year, there was frequent contact between the employee participation body and the Executive Board (EB) and from 1 July, with members of the Management Board, on the progress of the integration of a.s.r. and Aegon NL. This was also regularly discussed with the Supervisory Board (SB). Prior to the closing of the transaction with Aegon, members of a.s.r.'s Works Council and members of Aegon's Central Works Council were involved in the process of harmonising employee benefits. Joint advice was also issued by the Works Council and the Central Works Council regarding the proposed employer integration.

All requests for advice relating to the integration of a.s.r. and Aegon NL fall under the auspices of the Central Works Council. To deal with the requests for advice,



Meetings of the Works Council

Meeting	Participants	Number of meetings
Regular Works Council meetings with a Member of the EB	Regular Works Council meetings with EB	31
Ad hoc meetings Works Council with a Member of the EB	Regular Works Council meetings with EB and SB	2
Regular Works Council meetings with a Member of the EB and Members of the SB	Works Council meetings without EB and/or SB	64

working groups were formed for each division of a.s.r., with members of the a.s.r. subcommittee, the relevant Aegon Works Council(s), two Central Works Council members and a secretary. The working group members list their own questions and comments and then contact their colleagues from the relevant division to include their questions and concerns when assessing the application. This often leads to questions, which are subsequently discussed with the director in question. Once the questions have been adequately addressed, the working group provides preliminary advice, which is submitted to the Central Works Council of a.s.r. The advice is then submitted by the Central Works Council to the director for a decision. With regard to the integration, 24 requests for advice have been submitted since 1 October 2023.

Other topics

An important advisory process for a.s.r. Nederland's Works Council was the proposed update of the EB's remuneration policy and the change in remuneration of the SB. During this process, the Works Council carefully considered how a.s.r.'s relevant stakeholders (customers, employees, shareholders and society at large) were expected to respond. Various discussions were held with SB members about the proposed changes. An external expert was also consulted on trends in executive remuneration and an ethicist on the moral aspects of these changes. In addition, the transaction with Aegon NL, resulting in a larger company with inherently heavier responsibilities for directors, was included in the considerations. On this basis, the Works Council advised the SB to submit the proposed changes to the shareholders, who subsequently agreed to this.

In addition, the Works Council advised on the reappointment of Ingrid de Swart as a Member of the EB and on the reappointment of SB members Gerard van Olphen and Gisella van Vollenhoven. Advice was also given on the structure of the Management Board.

Several (follow-up) requests for advice relating to the integration are expected in 2024.

Number Works Council meetings

97

5.5 Statement of the Executive Board

a.s.r.'s consolidated and company financial statements for 2023, as well as chapters 1-6 of the Annual Report, have been prepared in accordance with the IFRS as adopted by the EU and with applicable Dutch law.

As required by Section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act, the Executive Board (EB) declares that, to the best of its knowledge:

I. The financial statements provide a true and fair view of the assets, liabilities, financial positions and earnings of a.s.r. and the enterprises included in the consolidation taken as a whole.
II. The management report provides a fair view of the position at the balance sheet date and developments during the year under review and the enterprises included in the consolidation taken as a whole, together with a description of the principal risks confronting a.s.r.

In accordance with best practice 1.4.3 of the Dutch Corporate Governance Code of December 2016 and based on the evaluation carried out, the EB declares that, to the best of its knowledge:

I. The report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems (see chapter 3.6).
II. The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies (see chapter 3.6, 3.7, and 7.8).
III. Based on the current state of affairs, the preparation of the financial reports on a going concern basis is justified (see chapter 2 , 3 and 7).
IV. The report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of 12 months after the preparation of the report (see chapter 2.1, 2.3 and 7).

Utrecht, The Netherlands, 2 April 2024

Jos Baeten, CEO
Ewout Hollegien, CFO
Ingrid de Swart, COO/CTO

Non-financial statements

6

6.1 General

6.1.1 CSRD

With the introduction of the Corporate Sustainability Reporting Directive (CSRD), new reporting requirements come into effect for a.s.r. with regard to non-financial information from the 2024 financial year.

In early 2023, a.s.r. put in place a project organisation to implement the CSRD legislation. All business units are represented in the project to define and put in place reporting obligations. The steps taken so far include:

- Putting in place the project structure, developing the roadmap and knowledge development;
- Organisation-wide knowledge development related to (the rules on) sustainability reporting including the CSRD;
- First implementation of a Double Materiality Assessment (DMA);
- Data requirements have been identified and a gap analysis has been carried out;
- A system for data collection and the reporting process has been selected.

Double Materiality Assessment

In the first six months, a.s.r. conducted a DMA in line with requirements regarding the approach and methodology based on the CSRD. Stakeholders and internal experts assessed and prioritised impacts, risks and opportunities in relation to sustainability topics. In the second half of the year, an update of the DMA was carried out assessing the impact of the Aegon NL integration.

Analysis of reporting obligations

Based on the outcomes of the DMA, workshops took place to gain insight into the material data points in relation to a.s.r.'s value chain. Based on these data points, it was determined what to report on.

In early 2024, in-depth gap analyses were conducted and action plans are currently being drawn up to close these gaps. Business lines and stakeholders in the value chain are requested to build the central and decentralised administration(s).

Outlook 2024

In 2024, the systems, reporting processes and associated control frameworks will be in place. Also, the outcomes of the DMA will be approved by the MB.

One of the main challenges for 2024 is to bring the level of consolidation for the non-financial information in line with the financial statements, as required by CSRD. This entails that all subsidiaries of a.s.r., including the Aegon NL figures, must be included in the non-financial figures as per reporting year 2024.

6.1.2 Assurance on the non-financial indicators

Please note that in the metrics in chapter 6, all tables that are indicated with an asterix (*) are in scope of reasonable assurance. All other non-financial indicators in chapter 6 are in scope of limited assurance.

6.2 Environmental

6.2.1 Climate change

Dealing with climate change is one of the greatest challenges of this time. a.s.r. will step up its efforts towards a climate-neutral society. a.s.r. is aware of the importance of this and, as an insurer and investor, wants to play a role in the energy transition. This chapter, briefly describes how a.s.r. identifies, measures and manages climate risks and opportunities for its business in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. For a more detailed description, please see a.s.r.'s separate Climate and Biodiversity Report 2023.

Governance

For information on how governance is organised within a.s.r. on sustainability-related topics, including climate change, please refer to section 5.1.6. a.s.r. set up a TCFD project group to report in a structured way on its impact, dependencies, risks and opportunities related to nature. The scope covers the business units that expect to have the greatest impact and dependencies on climate. These are P&C, Disability and Health, Funeral and Individual life, Asset Management, Real Estate, and Mortgages.

Strategy

a.s.r. aims to have a prominent role in the financial sector when it comes to sustainable value. In order to do this, a.s.r. prioritizes three strategic themes, of which sustainable living is one. For the other themes, see section 2.1. a.s.r.'s climate policy is part of the sustainable living theme, and consists of four strategic pillars, through which a.s.r. manages the risks associated with its investments and insurance products, while at the same time aiming to contribute to solutions:

- Incorporating climate risks into business processes;
- Helping customers to prevent or reduce climate risks;
- Stimulating the energy transition;
- Contributing to sector initiatives.

For a.s.r., climate change is a direct and indirect risk to both its assets and its liabilities. At the same time, opportunities are also created for operating performance, including by helping customers reduce climate risks and facilitating them in the energy transition. This makes a.s.r. an insurer that moves along with the transition its customers are going through, which in effect means that a.s.r. is an attractive party to (continue to) house their assets and risks. More information on this and the four pillars of the a.s.r. climate strategy can be found in the Climate and Biodiversity Report 2023.

The following section describes how climate change affects a.s.r.'s product lines, how this is measured and how a.s.r. deals with it.

P&C

The impact of climate change on the insurance business is significant, according to a.s.r.'s own data and the Dutch Association of Insurers' Climate Damage Monitor. These clearly show the impact of increasingly frequent extreme weather events due to climate change. Much of the damage caused by weather events is insured and therefore has a great impact on a.s.r.'s claims burden.

To manage these risks, a.s.r. analyses short-term and medium-term risks for insurance products using the Climate Damage Monitor. a.s.r. also calculates the long-term climate risks using sophisticated weather models of risk specialists such as Guy Carpenter and Gallagher Re. a.s.r. includes these calculations in the modelling and pricing.

To lower the risks, a.s.r. encourages its customers to take preventive measures in order to avoid damage and save energy, e.g. by providing tailor-made advice after inspection visits and by stimulating (sustainable) repair of damaged items. Furthermore, a.s.r. has included price incentives in its insurance products to encourage customers to take climate adaptation measures. Furthermore, a.s.r. works with annual contracts and can therefore make rapid adjustments if required due to physical climate risks such as changing weather conditions.

Disability and Health

Climate change may affect the development of disease and pandemics with potential implications for healthcare costs, absenteeism and disability. Therefore, a.s.r. has identified and estimated the main health risks related to climate change with an impact on labour and healthcare costs. A team of experts within a.s.r. monitors the development of (new) diseases due to climate change. Timely recognition and anticipation of risks affecting customers are important in the context of customer interests. The three medical conditions with the greatest potential impact on the cost of claims for healthcare costs, absenteeism and disability are expected to become more common as a result of climate change:

- Increased airborne exposure to allergens from pollen, dust mites and caterpillars. Higher temperatures cause existing plants and trees to flower earlier and possibly more intensely. New species may also become established. Increases in air pollution and heat stress in cities amplify the aforementioned effect and lead to more lung disease;
- Increased UV light will increase the incidence of skin cancer;
- Zoonoses are infectious diseases that can spread from animals to humans. These can lead to the spread of (new) diseases, such as Lyme disease.

With today's knowledge, the expected financial impact for the next 10 years seems limited because the increase in absenteeism or disability will mostly fall within the deductible period and the net effect on healthcare costs is limited due to the current health risk equalisation system in the Netherlands.

Funeral and Individual life

The effects of rising temperatures for Funeral and Individual life appear to be limited, due to the fact that most insurance portfolios have a short-term lifetime/premium cycle or will mature before the anticipated long-term climate changes might affect the risks insured. Future pricing can therefore most likely be targeted to an acceptable level of investment return. In the near future, more attention will be paid to analysing climate risks and making them measurable in order to target them for the Funeral and Individual life portfolio.

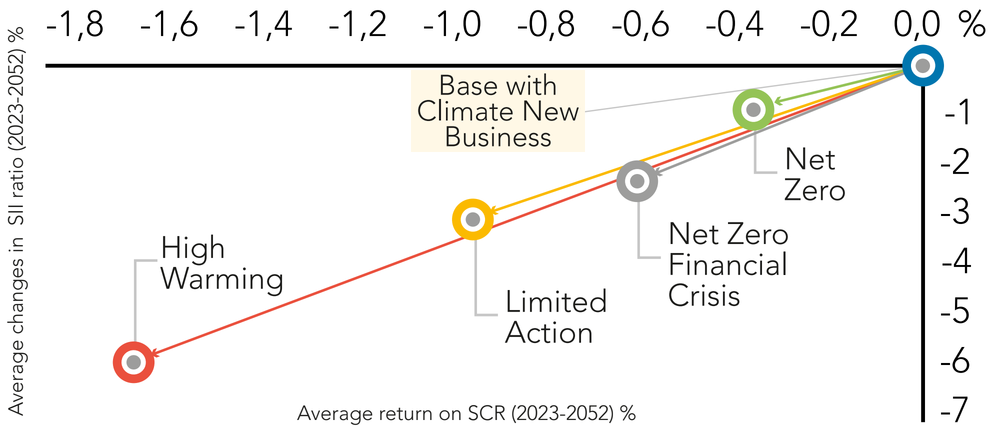
Asset Management

Since 2018, a.s.r. has validated its investment strategy by analysing the impact on various metrics in its Risk Appetite Statement due to climate change, based on climate scenario sets. a.s.r. has incorporated the impact of the different climate pathways on all assets managed for the general account for a.s.r. in the annual Strategic Asset Allocation study. In the analysis of this year an estimated impact on the liabilities of P&C in line with the impact estimated in the ORSA has been incorporated in the results. Also Aegon NL[1] has been included.

The impact of the four climate pathways on the Solvency II ratio and the average return on capital is limited. The main reasons for the limited impact are the European focus of the investment portfolio, the SRI policy and the dynamic investment policy. All of this results in a.s.r. investing less in countries, markets and companies that are hit harder by climate change and climate adaptation. The dynamic investment policy also provides for de-risking in the event of market stress due to climate change and thus supporting the overall solvency ratio.

The climate scenarios are a best estimate of the expected impact based on currently available science[2] and data and may differ from future realizations.

- The European Solvency II directive requires a.s.r. to assess all the risks it may face as an insurer. Based on this calculation, a.s.r. must maintain a minimum buffer to cover risks. The buffer is called the Solvency Capital Requirement (SCR).The return on the SCR reduces in line with failure to meet the Paris Agreement target. This is due to the direct impact of physical risks and, therefore, is also indirectly due to a decrease in return expectations under the different climate pathways;
- Within the Paris disorderly scenario, abrupt sales of stranded assets are expected around 2025. This will cause a major financial crisis. The development of the solvency II ratio in that period is different, because of the dynamic investment policy and the SRI policy, a.s.r.;
- In the limited action scenario, governments are attempting to avoid climate change, but efforts fall short of the goals of the Paris Agreement. Physical damages will be material world wide, but not as large as in a failed transition pathway. The impact for a.s.r. is also between a failed transition and Net zero scenario.



- A failed transition to the Paris Agreement is a.s.r.'s largest risk. In such a case, the average SCR ratio will fall more sharply, in particular as a result of lower returns, due to physical risks.

Real Estate

Climate change poses risks to the built and rural real estate managed by a.s.r. Physical risks include inundation from large amounts of precipitation, but drought, heat and flooding can also cause damage. If climate change continues these incidental risks may become patterns. In the long term, this could result in changing demand for real estate and possible decreases in value for real estate susceptible to the effects of climate risks.

a.s.r. conducted comprehensive climate risk assessments for all properties in its portfolio based on the Framework for Climate Adaptive Buildings (FCAB). For more information please refer to chapter 3.2.2. The results of this analysis are used in decisions concerning a.s.r.'s real estate portfolio purchases, sales and maintenance. Of the investments in a.s.r.'s (urban) real estate portfolio (excluding rural), 1.9% of buildings have an increased risk of flooding and 0.5% have an increased risk of heat stress.

Attention is also paid to transition risks involving financial investments. For example, new legislation and regulations are being drawn up at the national and international level in the context of making real estate more sustainable and reducing chemical substances such as PFAS and NO_2. In addition to applicable legislation and regulations, a.s.r. contributes to the energy transition and a sustainable living environment through investments in wind and solar parks.

Mortgages

Physical climate risks within the mortgage portfolio may be caused by damage to the underlying collateral due to climate-related events, which either lead to a decrease in the value of the collateral and/or affect homeowners' ability to pay or repay their mortgages.

1 Aegon Leven N.V. and Aegon Spaarkas were acquired by a.s.r. in 2023 and use the partial internal model in the analysis.
2 The incorporation is of the climate science and data into the climate scenarios is performed by Ortec Finance.

In line with the Real Estate's approach a.s.r. uses the standard developed by the Dutch Green Building Council (DGBC): the Framework for Climate Adaptive Buildings to identify the relevant climate risks for the mortgage portfolio in the Netherlands. By combining data from the Climate Impact Atlas with portfolio data in the Geographical Information System (GIS) of a.s.r. Real Estate, a.s.r. can assess how vulnerable and sensitive locations in the Netherlands are to climate change. This data can be used to assess the risks of the collateral in the mortgage portfolio.

Drought, heat, storm and flood risks are considered. Some risks are covered by the building insurance that homeowners are obliged to have on a mortgage-backed collateral. The National Contingency Fund also covers some forms of climate risks (in case of a national disaster), which includes flood risks from primary waterways.

Two risk categories are not covered by any form of insurance: risks related to ground water and foundational damage due to drought. The risk assessment of risks related to ground water has updated compared to last year due to an amendment on the DGBC framework. There is virtually no or low risk regarding ground water risk for the a.s.r. mortgage portfolio. Foundational damage due to drought consists of pile rot and differential settlement. Of the a.s.r. mortgage portfolio, 5.5% is at high risk of one of these two risks. This estimation was made based on the location of the collateral. It is possible that measures have been taken by residents, thus reducing this risk. There are market-wide various initiatives to help people affected by this risk.

Risk management

As mentioned previously, risk management is an integral part of a.s.r.'s day to day business operations. The following describes a.s.r.'s approach to managing climate change risks. Climate change is a part of the strategic risks identified by a.s.r. To fully understand the potential physical and transition impacts of climate change on its business, a.s.r. has developed a top-down and bottom-up management approach.

The bottom-up approach revolves around the relevant business segments within a.s.r. developing measures and tools to identify and to mitigate identified climate-related risks or capture its opportunities. This ranges from portfolio construction, exclusions and engagement within asset management activities to underwriting taking into account climate risks, client engagement and developing new products and services.

In the top-down approach, a.s.r. analyses the impact of four climate scenario-driven insights into the resilience of the business, mainly focused on the impact of climate change on assets. These are attained using four climate scenarios with a 30-year horizon based on the Strategic Asset Allocation (SAA) model.

The Climate Risk Monitor was developed to manage climate risks within the urban property portfolio. This is an analysis tool for decision-making in acquisitions, disinvestments and portfolio maintenance. The Climate Risk Monitor contains building-specific data combined with climate data from the Climate Effect Atlas. These datasets are then combined in the GIS to generate cartographic layers that provide a quantitative insight into the level of risk per asset. By 2021, the climate dataset was embedded in the business processes.

A risk analysis was also carried out for the mortgage portfolio on the basis of the climate effect atlas in order to generate insight into the risk areas for flooding, for example. Because mortgages at a.s.r. can run for up to 40 years, it is important to have insight into the long-term risks for this portfolio.

For the P&C portfolio, Ortec calculated the long-term climate risks for the P&C portfolio in the 3 different scenarios (low, medium, high).

Overall, climate risks as a result of climate change and the energy transition are incorporated into a.s.r.'s risk appetite and part of the regular risk management processes, such as the annual group-wide SRA process. Material climate risks identified in the SRA process, including storms and floods, are incorporated into the scenario analysis of the Own Risk and Solvency Assessment (ORSA) and quantified by the business actuary teams. With life and health insurance, the impact is mainly in the longer term and is not quantified in the ORSA horizon of 5 years. Transition risks apply in particular to investments and financing The ORSA assesses the overall solvency needs of a.s.r. in the context of the strategic plans, making allowances for the current and expected solvency positions, the risk appetite and solvency targets.

The figure on the next page provides an overview on the different climate pathways.

Scenarios

Aspect of the scenario	Orderly transition 'Net Zero' in 2050	Disorderly transition to 'Net Zero"' in 2050	Too Little to late	Failed transition according to 'Paris'
Calculated temperature rise in 2081-2100 in comparison to the average of 1850 - 1900	~1.5°C	~1.5°C	~2.8°C	~4.2°C
Bandwidths of temperature (up until 2100) with 90% probability	+1.4°C à +1.6°C	+1.4°C à +1.6°C	+3.1°C à +3.5°C	+3.1°C à +6.1°C
Conform emission scenario of climate panel VN IPCC 6	SSP1-RCP1.9*	SSP1-RCP1.9*	SSP2RCP-4.5	SSP3-7.0*
Assumptions	• Major impact of the transition due to policy and technological drivers • The transition is supposed to be 'smooth' • Climate risks are priced in dynamically and smoothly • Physical impact is significant but lower than in a failed transition	• Major impact of the transition due to policy and technological drivers • Transition has a disruptive effect on financial markets with repricing followed by sentiment shock and stranded assets • Physical impact is significant but lower than in a failed transition	• Limited impact of the transition, due to limited transition • Physical impact is significant • Markets are late in pricing in physical risks • Limited transition has a disruptive effect on financial markets with repricing followed by sentiment shock and stranded assets	• Limited impact of the transition through a 'business-as-usual' path without new policies • Major physical impact that affects productivity, as well as more frequent and severe 'extreme weather' events • Markets are late in pricing in physical risks

Method of a.s.r. analysis

- The starting point is Ortec Finance's climate scenario sets
- Mainly focused on the impact of climate change on assets. This impact is caused by transition and physical risks
- The effects of climate change are determined compared to the Neutral Scenario of a.s.r.

- IPCC makes scientific climate projections; Cambridge Econometrics uses them to determine GDP shocks and Ortec Finance translates these into scenarios with systematic climate risk
- This year for a.s.r. Non-life and Basic Health the impact of climate change on the liabilities is included. The impact of climate change on the liabilities is modelled as five serious calamity shocks, that are added to the new business in the first 10 years, which is in line with the ORSA climate scenario. It is assumed that no repricing occurs in the first 10 years to compensate for the loss of profitability

* SSP = Shared Socioeconomic Pathways = plausible world views that assume different socio-economic, technological and demographic developments in the future

Metrics and targets

a.s.r. believes it can make a positive impact through a sustainable investment policy and by developing insurance products and services that support the energy transition and help customers adapt to climate risks. In addition, a.s.r. continuously works to reduce its own (indirect) negative impact. The climate metrics and targets are shown in the table below.

Climate-related targets

(units specified below)	Target	Note	2023	2022
Impact investments (in € billion) *	€ 4.5 billion in 2024	3.2	4.0	2.8
Reduction of carbon footprint of investment portfolio (in %) *	65% in 2030 (base year 2015)	3.2	69.4	65.2
Reduction of carbon footprint in the insurance portfolio (in %)	26% in 2030 (base year 2022)	3.1.1	0.1	n/a
Reduction of carbon footprint of operations at a.s.r. (in %)	50% in 2025 (base year 2018)	3.5.1	52	62

Energy consumption

(units specified below)	Note	2023	2022	2021	2020	2019
Energy (in kWh)	3.5.3	8,218,739	8,424,604	8,403,718	7,211,643	8,431,307
- Wind electrical energy (purchased)	3.5.3	4,414,782	4,363,046	4,649,449	4,458,798	5,710,499
- PV electrical energy (solar panels) (self-generated)	3.5.3	827,157	917,958	363,369	161,045	152,808
- WKO (renewable heat and cooling) (self-generated)	3.5.3	2,976,800	3,143,600	3,390,900	2,591,800	2,568,000
Natural gas (in m³)	3.5.3	-	-	-	-	18,311
Renewable electricity solar panels (in % to total electricity)[1]	3.5.3	15.8	17.4	7.2	3.5	2.6
Energy consumption (kWh per m²) (purchased)	3.5.3	48	47	51	49	63
Energy consumption (kWh per m²) (purchased and self-generated)	3.5.3	89	92	91	78	94

Commuter travel distribution

(in %)	Note	2023	2022	2021	2020	2019
Car use		60	60	73	60	59
Bicycle use		20	22	23	21	22
Public transport use		21	18	4	17	16
Carpool		-	-	-	2	3
Total		**100**	**100**	**100**	**100**	**100**

1 As of reporting year 2023, a new and cleaner method is applied for calculating the renewable electricity share of solar panels to the total electricity used. The comparative figures are corrected accordingly.

Scope 1, 2, and material scope 3 emissions[1,2]

(units specified per column)	Note	2023 in %	2023 tCO_2	2022 in %	2022 tCO_2	2021 in %	2021 tCO_2	2020 in %	2020 tCO_2	2019 in %	2019 tCO_2
Fuel and heat	3.5.3	0.1	4	0.1	3	0.2	3	0.3	8	0.5	37
Cooling	3.5.3	0.9	35	1.2	35	2.0	34	1.3	37	0.7	51
Business travel as a result of lease car fleet	3.5.3	14.5	558	24.6	745	43.1	748	40.8	1,113	26.5	2,078
Scope 1		**15.5**	**597**	**25.9**	**783**	**45.2**	**785**	**42.4**	**1,158**	**27.7**	**2,166**
Scope 2 (market based approach)		-	-	-	-	-	-	-	-	-	-
Scope 2 (location based approach)		n/a	2,013	n/a	2,282	n/a	2,585	n/a	2,479	n/a	3,706
Business travel excluding lease car fleet	3.5.3	6.4	247	4.9	148	3.3	57	3.2	87	4.2	329
Commuter travel	3.5.3	73.6	2,840	65.4	1,984	48.0	833	51.6	1,408	66.0	5,148
Waste	3.5.3	4.6	176	3.9	119	3.5	61	2.8	76	2.1	160
Scope 3		**84.5**	**3,263**	**74.2**	**2,251**	**54.8**	**951**	**57.6**	**1,571**	**72.3**	**5,638**
Total (market based approach)		**100**	**3,860**	**100**	**3,034**	**100**	**1,736**	**100**	**2,728**	**100**	**7,804**

Carbon footprint reduction investment portfolio (scope 3, category 15) *

(units specified per column)	Note	2023 Reduction in %[4]	2023 tCO_2 / € 1mln	2022 Reduction in %[4]	2022 tCO_2 / € 1mln	2021 Reduction in %[4]	2021 tCO_2 / € 1mln	2015[3] tCO_2 / € 1mln
Equity		68.4	42.9	66.4	45.7	72.4	37.5	136.0
Credits		78.1	47.6	76.8	50.6	74.8	55.0	217.9
Sovereigns		63.4	58.9	57.2	69.0	40.5	96.0	161.3
Asset Management	3.2.1	**71.7**	**52.1**	**67.8**	**59.2**	**59.7**	**74.2**	**184**
Real estate	3.2.2	**-7.5**	**137.8**	**-17.0**	**152.0**	**-18.6**	**154.0**	**n.r.**
Mortgages	3.2.3	**63.9**	**7.5**	**62.6**	**7.7**	**58.1**	**8.6**	**20.6**
ASR Nederland		**69.4**	**47.3**	**65.2**	**54.3**	**56.6**	**67.8**	**141.8**

1 The figures are based on a.s.r.'s head office (91,912 m² gross floor area). The offices in Enschede (1,830 m² gross floor area), Rotterdam (approx.1,000 m² gross floor area of office space and 3,900 m² gross floor area of archives) Heerlen (2.815 m² gross floor area) and Hoorn (3.745 m² gross floor area) are not included.
2 According to the Greenhouse Gas Protocol.
3 The % carbon reduction of investment own assets figure is calculated relative to baseline year 2015. Real estate has been added to the scope since 2019. The impact of the addition of Real estate in 2019 on the % carbon reduction of investment own assets figure has been corrected for using an indexation method. It is noted that Real estate has not contributed to the % carbon reduction of investment own assets realized in the period 2015-2019.
4 % reduction compared to baseline year. For more details about this non-financial strategic target, refer to 8.1 About this report.

Carbon footprint reduction insurance portfolio

		2023					2022
		Total		Provincial	Mandated agents	Direct channel	Total
	Note	Reduction in %[1]	tCO₂				tCO₂
Private passenger		2.4	116,796	27,794	83,194	5,809	119,663
Business		-5.8	49,783	27,966	21,818	-	47,060
Total	3.1.1	0.1	166,579	55,760	105,012	5,809	166.723

6.2.2 Biodiversity and ecosystems

The earth's biodiversity is not only the basis of life on the planet, but also an essential part of the global economy. Biodiversity is an important topic and part of a.s.r.'s strategic pillar 'sustainable living'. To understand the risks a.s.r. faces in the area of biodiversity and ecosystems (hereafter:nature) and its impact on nature, a.s.r. uses the framework of the Taskforce on Nature-related Financial Disclosures ('TNFD'). Similar to the TCFD, the TNFD framework contains four recommendations for financial institutions to identify their nature-related risks. This section briefly describes how a.s.r. identifies, measures and manages nature-related impacts, dependencies, risks and opportunities for its business in accordance with the TNFD recommendations. For a more detailed description, please refer to a.s.r.'s Climate and Biodiversity Report 2023.

Governance

For information on how governance is organised within a.s.r. on sustainability-related topics, including biodiversity, please refer to section 5.1.6. a.s.r. set up a TNFD project group to report in a structured way on its impact, dependencies, risks and opportunities related to nature. The scope covers the business units that expect to have the greatest impact and dependencies on nature. These are P&C, Asset Management, and Real Estate.

Strategy

One of the methods the TNFD has made available to participating organisations is the LEAP approach. The LEAP approach involves a roadmap to list interactions with nature. The following steps are distinguished:

1. **Locate**: identify interfaces with nature;
2. **Evaluate**: determine impact on and dependencies on nature;
3. **Assess**: estimate nature-related risks and opportunities;
4. **Prepare**: prepare, respond and report on material nature-related issues.

Below are the results of the LEAP assessment conducted, outlining the main impacts, dependencies, opportunities and risks in relation to nature.

Impact and dependencies

P&C

In the P&C value chain, almost 16,5% of the insured companies are within a 1-km radius of one or more Natura 2000 sites. These companies have been selected as priority sites in terms of potential interaction with nature loss due to their proximity to a protected nature conservation area. Insured companies outside this 1-km radius are not considered to be a priority due to the relatively low impact on nature conservation areas. a.s.r. identified that about 3% of the companies who are insured by P&C have a (potential) material impact on or dependency of a biodiversity service of the nearby Natura 2000 site. This was done by using the 'biodiversity impact ranking of company industries' developed by the Finance for Biodiversity Foundation the Encore database and the analyses of the Wageningen University & Research (WUR).

Transition-related nature risks are especially foreseen in the medium term, as customers with a high impact on a nearby Natura 2000 site, under the influence of (government) measures to protect the ecosystem services of the nature site, will have to pay more to be able to produce, or have to significantly adjust their production process or relocate their business. This may lead to higher costs with possible loss of sales and, in the longer term, possibly even business closure. For a.s.r., this means a possible change in risks or loss of premium income.

a.s.r. foresees physical nature risks, especially in the medium term, as customers who are highly dependent of a service from a nearby Natura 2000 site suffer damage to buildings or face loss of sales and, in the long run, possibly even business closure because the Natura 2000 site can no longer offer the service (properly). For a.s.r., this means a possible increase in claims and/or loss of premium income.

Asset Management

a.s.r. has worked on a methodology to approach the impact of the investment portfolio on biodiversity loss, using data currently available. The methodology entails a biodiversity score, consisting of a key issues and sensitive areas assessments using MSCI ESG data. To take into account the local aspects of measuring impact on biodiversity, a.s.r. incorporated location specific information on operations of the companies assessed. The analysis provides an overall biodiversity score that ranges between 0-10, with 10 being the score with the lowest negative impact. The coverage of the analysis is 99% of a.s.r.'s listed equities and 96% for a.s.r.'s listed corporate bonds.

1 % reduction compared to baseline year 2022. For more details about the target on insurance related emissions, refer to 8.1 About this report.

The understanding of the drivers behind biodiversity loss is crucial for comprehending impact and formulating effective mitigation strategies. The main driver of biodiversity loss within the a.s.r. investment portfolios are:

- Changes in land and sea use;
- Overexploitation of organisms;
- Climate change;
- Pollution;
- Invasive alien species.

Besides impact, a.s.r. also has dependencies on nature. In order to gauge dependencies, industries with high or medium levels of dependency on nature have been identified using multiple research sources, including the ENCORE, UNEP-WCMC and WWF. Further analysis revealed that, 4.1% of the corporate bond portfolio and 6.4% of the equity portfolio had exposure to high-dependency companies, and 9.3% of the bond portfolio and 13.1% of the equity portfolio had exposure to medium dependency. The rest of the portfolio can be classified as companies with low dependency on biodiversity.

Real Estate

Interaction and impact with nature is related to buying property and exercising ownership of property in various locations across the Netherlands. a.s.r.'s agricultural land portfolio is located in rural areas, with around 17% of the portfolio located within a 1 km radius of Natura 2000 sites. Existing real estate also has an impact on nature. On the one hand, this can be a negative impact through pollution of light, for example, but also a positive impact by facilitating nesting opportunities or applying various indigenous vegetation on and around buildings. Around 11% of the properties managed by a.s.r. are located within 1 km of a Natura 2000 site.

a.s.r.'s activities also interact with nature through the impact that can be made within the value chain. Upstream, particularly in the construction of new properties and solar and wind farms. New construction sites may be taking away wildlife habitat, but a positive impact can also be made by using bio-based materials. This has a positive impact on nature as bio-based materials can store CO_2 and reduce nitrogen emissions, among other things. Downstream, a.s.r. real estate particularly impacts the use of agricultural land that is leased. Farmers using a.s.r. agricultural land, for example, are encouraged to manage the land sustainably, resulting in a positive impact on climate and nature.

The agricultural sector in particular depends on ecosystem services. The main ecosystem services of nature for the real estate sector are rainwater discharge, nature's self-purification capacity of air and water, flood and storm protection, use of fibre and other materials, climate regulation, use of surface water and groundwater, mass stabilisation, and erosion control.

Risk management

Risk management is an integral part of a.s.r.'s day to day business operations. Biodiversity loss is one of a.s.r.'s risk priorities in 2023. Both centrally and at divisional level at the business lines, this is a focal point and as such is embedded in the risk management cycle and risk management framework. Work is in progress on formulating key risk indicators and setting up key controls relating to biodiversity risk.

P&C

Nature risks such as an increase in the cost of claims due to physical risks caused by nature loss are included in the strategic risk analysis (SRA). Measures have been identified to mitigate the risks. These measures are regularly monitored for progress and effectiveness.

To manage risks, P&C analyses medium-term risks related to loss of nature for a.s.r.'s insurance products. P&C takes measures such as concluding short-term contracts, spreading customers across different business sectors, reinsuring the largest risks and adjusting the underwriting policy. To seize opportunities, P&C is constantly looking for possible expansions of and within a.s.r.'s product range. Through the 'sustainable housing' and 'sustainable business' platforms, a.s.r. support customers with information. Also a.s.r. collaborates within the programme of Naturalis' research programme *Kennis Natuurlijk!* (knowledge naturally!) on how to further increase biodiversity.

Asset Management

Biodiversity loss can impact businesses in different forms of risks - physical, systemic and transition risks - which all have the potential to affect investment value across the short, medium and long term.

The loss of ecosystem services can lead to production disruptions for companies that are highly dependent on these services, which constitutes a credit and investment risk. This may lead to business default or decreased investment results, causing credit and investment risks for financial institutions. a.s.r. can also be confronted with a decline in the market value of the investment portfolios if crossing the tipping point of biodiversity leads to large-scale failure of ecosystem services. Furthermore, new and stricter nature related regulations are expected to be introduced, possibly resulting in stranded assets and decreased investment results. This can be considered a regulatory risk. Finally, there is reputational risk both for investee companies, and for a.s.r. itself. In terms of reputational risk for the investee companies, negative impact on biodiversity may pose negative press and attention, leading to decreased company results. Reputational risk for a.s.r. may consist of brand damage or a loss of clients; clients can choose to opt for another insurer/pension provider/asset manager.

Risk mitigation measures include the combination of top-down and bottom-up approaches: risk diversification by a spread across geography and asset classes through the Strategic Asset Allocation, and securities selection with a tilt towards companies scoring higher on ESG.

a.s.r. integrates several biodiversity-related criteria into its screening of companies. The outcome of this screening can be used in selection of companies. Companies that score higher than industry peers on ESG are given preference, which means a.s.r. invests more in these companies. For market risk, a.s.r. uses bottom-up securities selection as described above; risk diversification by a spread across geography and asset classes through the Strategic Asset Allocation, and securities selection with a tilt towards companies scoring higher on ESG. A bottom-up approach is also used for transition risks such as regulatory risk and legal liability risk. Companies with serious controversies over biodiversity loss are excluded through a.s.r.'s controversial conduct exclusion policy. For reputational risk of investee companies, risk is mitigated through securities selection and active ownership. The reputational risk of a.s.r. itself is mitigated by communicating about actions and progress on commitments and the development of targets.

Real Estate

Nature-related risks for a.s.r. stem from the dependency and impact on nature. These risks are strongly related to climate risks, as climate change is one of the five main drivers of biodiversity loss. As described earlier, there is a strong correlation between physical nature-related risks and physical climate risks. To understand the potential impact of physical climate risks and implement adaptation solutions where necessary, a.s.r. has conducted a Climate Risk Assessment for all real estate funds. For the funds 'Rural' and 'Renewables', this analysis will be completed in 2024.

For the agricultural land portfolio, a.s.r. works together with the agricultural sector on sustainable soil management and increasing biodiversity. Policies and activities being developed for these purposes can be read in the Climate and Biodiversity Report. Furthermore, a.s.r. actively supports new sustainable initiatives by making agricultural land available for the development of initiatives such as alternative (bio-based) crops, new farming techniques or alternative revenue streams for farmers. a.s.r. will directly invest in 'landscape elements' on the farmlands in the portfolio. a.s.r. plans to launch 10 projects in 2024 and increase the number of projects to 20 in 2026.

Nature-related risks and opportunities are part of the ESG policies of the Funds managed by a.s.r. Reporting on the progress of these objectives takes place periodically, for example in the quarterly Fund reports and the ESG Annual Report. In addition, nature-related risks are part of the impact, risks and opportunities assessment that is carried out to prepare for CSRD reporting over 2024.

Metrics and targets

In 2020, by signing the Finance for Biodiversity Pledge, a.s.r. is committed to providing insight into its own impact on biodiversity by 2024 and to set concrete targets for this relating to its investments. With the results of the LEAP assessment at the end of 2023, further work will be done in 2024 to set metrics and targets.

6.2.3 Water, waste and pollution

Water consumption

(in m^3)	Note	2023	2022	2021	2020	2019
Water usage		13,057	12,765	9,261	12,093	18,763

Waste

(in tonnes)	Note	2023	2022	2021	2020	2019
Waste	3.5.3	164	122	94	106	220

Environmental incidents

(in numbers)	Note	2023	2022	2021	2020	2019
Incidents		-	-	-	-	-

6.2.4 Taxonomy regulation

General information

The EU Taxonomy Regulation establishes an EU classification system – or taxonomy – that provides investors, including financial sector entities and corporates, with uniform criteria specifying which economic activities are considered to contribute to the sustainable objectives of the EU. This should provide non-financial and financial actors with clarity on which of their activities are considered sustainable in order to scale up sustainable investments and thereby contribute to the overall objectives of the EU's 2018 Sustainable Finance Action Plan and 2020 renewed Sustainable Finance Strategy.

a.s.r. wants to play a leading role in the financial sector when it comes to sustainable business. This means that it strives to make a positive contribution to making society more sustainable. a.s.r. systematically takes into account the ESG effects of its activities, in accordance with its strategy on sustainable business. It does so by setting ambitious targets, developing effective instruments and reporting clearly on the progress and results of its efforts. The EU Taxonomy Regulation provides companies, such as a.s.r., a common EU-wide language for reporting on its efforts. a.s.r. will consider, and where possible include, the taxonomy criteria in its target-setting.

The EU Taxonomy Regulation currently distinguishes six environmental objectives. These objectives are;

- Climate change mitigation;
- Climate change adaptation;
- The sustainable use and protection of water and marine resources;
- The transition to a circular economy;
- Pollution prevention and control;
- The protection and restoration of biodiversity and ecosystems.

For each of these objectives, detailed technical criteria have been developed at EU level. Criteria for the first two (climate-related) objectives were established during 2021, and subsequently complemented to include certain additional (gas and nuclear energy-related) activities. The criteria for the remaining four environmental objectives were adopted on 27th June, 2023. The taxonomy framework might be supplemented in future with a social taxonomy.

The reporting requirements in accordance with the EU Taxonomy Regulation enter into effect in a phased manner. As per the 2021 financial year, undertakings have begun to report on which of their economic activities are eligible for the EU Taxonomy Regulation. Eligibility does not mean that the activities are, in fact, environmentally sustainable, but rather that they have the potential to be considered or become sustainable, so-called 'taxonomy aligned'. In order for economic activities to be taxonomy aligned, they must meet the technical screening criteria for substantial contribution to one or more of the EU Taxonomy environmental objectives, while causing no significant harm to the other EU Taxonomy environmental objectives and at the same time respecting minimum safeguards.

For the 2023 reporting year, companies, subject to the disclosure requirements set out in the Non-Financial Reporting Directive (NFRD), which includes EU listed companies, are required to report on the alignment of their activities with the initial two climate-related objectives on which they reported eligibility in the initial two reporting years. They are also required to report on the eligibility of their activities for all six environmental objectives.

For the 2023 reporting year, a.s.r. has assessed whether its economic activities are taxonomy aligned in relation to the applicable two environmental objectives: climate change mitigation and climate change adaptation. a.s.r.'s most relevant economic activities in light of the EU Taxonomy Regulation are its insurance underwriting activities and its investment activities. For its insurance underwriting activities only the objective climate change adaptation applies and for its investment activities both climate change mitigation and climate change adaptation apply. As of 2023, in addition to the reporting on alignment for the initial two environmental objectives, a.s.r. is also required to report on the eligibility of a.s.r.'s investment activities for all six environmental objectives. As the data for the last four environmental objectives was not available over 2023 a.s.r. reports over the first two environmental objectives.

On 21 December 2023, the European Commission published a draft Commission notice with clarification of certain elements of the EU Taxonomy disclosure requirements. This draft guidance will be finalised later in 2024. Due to the fact that the final version of the guidance may differ from the current draft and the timing and impact of this draft guidance on current interpretations, it was impractical for a.s.r. to apply this draft notice for the Annual Report 2023. The main clarification concerned the disclosure for conglomerates. This would have resulted in the disclosure of the EU Taxonomy KPI's for each of the main a.s.r. activities such as insurance, asset management, investment management and banking including a disclosure for the total KPI of a.s.r. group. Instead for 2023, a.s.r. presents all investment activities under the insurance KPI, a.s.r.'s most relevant economic activity, in line with the disclosure for the previous year.

Minimum safeguards

Minimum safeguards are due diligence and remedy procedures implemented by a company in order to ensure alignment with minimum standards with respect to human and social rights, as set out in the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises. The UNGP specify a standard of conduct for businesses to prevent human rights violations and to address any potential risks resulting from the economic activities that businesses conduct and include the principles and rights set out in eight of the ten fundamental conventions identified in the International Labour Organization (ILO) Declaration of the Fundamental Principles and Rights at Work and the International Bill of Human Rights.

The OECD Guidelines for Multinational Enterprises bring together all thematic areas of responsible business conduct and responsible supply chain management. It also recommends that enterprises apply good corporate governance practices, including due diligence as set out in the OECD Principles of Corporate Governance. The UN Guiding Principles on Business and Human Rights specify a standard of conduct for businesses to prevent human rights violations and to address any potential risks resulting from the economic activities that businesses conduct.

The scope of the due diligence and remedy procedures with respect to adherence with human rights, and with respect to anti-bribery and corruption includes the value chain of a.s.r. The scope relating to taxation and fair competition is limited to a.s.r.'s own operations. For a.s.r.'s underwriting activities and for the assets managed by a.s.r. itself, a.s.r. mainly relies on its own due diligence and remedy procedures. For assets managed by third parties, such as investments in equity and debt instruments, a.s.r. mainly relies on the reported data by those third parties on Taxonomy alignment, which implies meeting the minimum safeguards.

a.s.r. is conscious of the fact that expectations with respect to due diligence and remedy procedures in accordance with the minimum safeguards are evolving and will be raised over time. In order to meet expectations and to comply with the minimum safeguards, a.s.r. will further enhance its due diligence and remedy procedures.

KPI related to underwriting activities

The KPI related to underwriting activities is limited to the non-life insurance business. The table below shows the reconciliation of total insurance contract revenue as reported in the consolidated income statement to total non-life insurance contract revenue in scope of the EU Taxonomy Regulation.

Reconciliation total insurance contract revenue to total non-life insurance contract revenue in scope of the Taxonomy

	2023		
(in € million)	Total insurance contract revenue	Not in scope of taxonomy	Total non-life insurance contract revenue in scope of Taxonomy
P&C	1,891	-	1,891
Disability	1,656	931	725
Health	1,832	-	1,832
Life	2,716	2,716	-
Total	**8,095**	**3,647**	**4,448**

Below, the taxonomy alignment disclosures of a.s.r.'s underwriting activities. For the aligned products and certain eligible products it was not yet feasible to determine the data concerning insurance contract revenue at the required level of climate related perils. For these products no alignment or eligibility was reported. If a.s.r. had reported on coverage level, conform previous reporting year, eligibility would have been 21% and alignment 1%.

The underwriting KPI for non-life insurance and reinsurance undertakings

	Substantial contribution to climate change adaptation		DNSH (Do No Significant Harm)					
Economic activities (1)	Insurance contract revenue 2023 (2)	Proportion of insurance contract revenue, 2023 (3)	Climate change mitigation (5)	Water and marine resources (6)	Circular economy (7)	Pollution (8)	Biodiversity and ecosystems (9)	Minimum safeguards (10)
	(in € million)	(in %)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)	(Y/N)
A.1. Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	-	-	Y	Y	Y	Y	Y	Y
A1.1.1 Of which reinsured	-	-	Y	Y	Y	Y	Y	Y
A1.2 Of which stemming from reinsurance activity	-	-	Y	Y	Y	Y	Y	Y
A1.2.1 Of which reinsured (retrosession)	-	-	Y	Y	Y	Y	Y	Y
A.2 Non-life insurance and reinsurance underwriting Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	12	0%						
B Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	4,436	100%						
Total (A.1 + A.2 + B)	**4,448**	**100%**						

The alignment of non-life insurance underwriting activities is determined as follows:

- The insurance contract revenue in scope of the EU Taxonomy is based on the following lines of business as defined under Solvency II: medical expense insurance, income protection insurance, workers' compensation insurance, motor vehicle liability insurance, other motor insurance, transport insurance, fire and other damage to property insurance and assistance. As such, the Life insurance business and the Health insurance business under Disability are not in the scope of the EU Taxonomy Regulation;
- The underwriting activities are only covered by the environmental objective climate change adaptation;
- The related underwriting activities cover at least one of the climate-related calamities as described in the Climate Delegated Act. Within Non-life, these mainly concern heat waves and wildfires, wind-related calamities such as storms, water-related calamities such as flooding and heavy precipitation and hail;

- The climate-related calamity is explicitly mentioned in the policy terms and conditions. Health and Disability do not have these explicit terms and conditions and are therefore non-eligible;
- The eligible insurance contract revenue of underwriting activities is measured as the amount that covers climate related perils. The non-life portfolio acquired through the acquisition of Aegon NL is non-eligible as the insurance contract revenue was not allocated to the climate related perils;
- When an activity fulfils the technical screening criteria set out in the EU Taxonomy Regulation, does not significantly harm to any of the other environmental objectives and fulfils the minimum safeguards, it is considered aligned with the EU Taxonomy Regulation.

KPI related to investment activities

Investments directed at funding or associated with economic activities as described in the delegated acts are considered taxonomy eligible. Eligible investments are aligned when they substantial contribute to one or more of the EU Taxonomy environmental objectives, cause no significant harm to the other environmental objectives, while at the same time respecting minimum safeguards.

Below, the reconciliation of total assets to total investments covered by the EU Taxonomy Regulation.

Reconciliation total assets to total assets covered by the KPI

	31 December 2023			
(in € million)	Total assets	Assets not qualifying as investments	Investments not covered by the KPI	Total assets covered by the KPI
Investments[1]	122,819	5,141	21,116	96,562
Derivatives	12,907	-	-	12,907
Own property, investment property and plant	3,636	-	-	3,636
Other[2]	11,406	10,961	-	445
Total	**150,768**	**16,101**	**21,116**	**113,551**

Total assets covered by the KPI represents 75% of total assets. The tables below apply look through, therefore the derivative exposure is different from the amount presented in the balance sheet of a.s.r.

Eligibility

As of 2023, a.s.r. is required to report on the eligibility of a.s.r.'s investment activities for all six environmental objectives. As the data for the last four environmental objectives was not available over 2023 a.s.r. reports over the first two environmental objectives.

Taxonomy eligibility of the investments covered by the KPI

	Turnover based		CapEx based	
	Monetary amounts (in € million)	Total assets covered (in %)[3]	Monetary amounts (in € million)	Total assets covered (in %)[3]
Derivatives	13,271	12%	13,271	12%
Investments in undertakings that are not in scope of NFRD[4]	35,040	31%	35,040	31%
Taxonomy non-eligible economic activities				
Mandatory	9,729	9%	10,420	9%
Voluntary[5]	5,580	5%	4,293	4%
Taxonomy eligible economic activities[6]				
Mandatory	49,024	43%	49,615	44%
Voluntary[5]	907	1%	913	1%
Total assets covered by the KPI	**113,551**	**100%**	**113,551**	**100%**
Assets in scope but not covered by the KPI				
Exposure to central governments, central banks and supranational issuers	21,116		21,116	

Investments

The investments covered by the EU Taxonomy Regulation include investments on behalf of policyholders for an amount of € 30,352 million.

The main activities covered by the taxonomy eligible investments (mandatory and voluntary) relate to:

- Acquisition and ownership of buildings and construction of new buildings;
- Non-life insurance: underwriting of climate-related perils;
- Manufacture of low carbon technologies for transport;

1 Investments includes investments related to direct participating insurance contracts. Assets not qualifying as investments are mainly cash and cash equivalents relating to direct participating contracts and cash collateral received.
2 Other represents intangible assets, deferred tax assets, reinsurance contracts, cash and cash equivalents, equipment, associates and joint ventures and receivables and other assets. Assets not qualifying as investments are intangible assets, deferred tax assets, reinsurance contracts, other assets and cash and cash equivalents.
3 Total assets covered by the KPI includes all direct and indirect investments as defined in the EU Taxonomy Regulation with the exception of investments with exposure to central governments, central banks and supranational issuers.
4 Undertakings not subject to an obligation to publish non-financial information pursuant to article 19a/29a of Directive 2013/34/EU.
5 Investments in undertakings in scope of NFRD for which estimated data was used.
6 Taxonomy eligibility is based on the investments covered by the KPI.

- Electricity generation using solar photovoltaic technology, concentrated solar power (CSP) technology, wind power, ocean energy technologies, hydropower, geothermal energy, renewable non-fossil gaseous and liquid fuels or bio-energy. Co-generation of heat/cool and power from solar energy, geothermal energy, renewable non-fossil gaseous and liquid fuels or bio-energy;
- Reinsurance;
- Passenger interurban rail transport and infrastructure for rail transport;
- Manufacture of renewable energy technologies, equipment for the production and use of hydrogen and other low carbon technologies;
- Installation, maintenance and repair of energy efficiency equipment, charging stations for electric vehicles in buildings and parking spaces attached to buildings, instruments and devices for measuring, regulating and controlling the energy performance of buildings or renewable energy technologies.

Included within investments are mortgage loans and other loans. The main activities covered by the taxonomy-eligible investments within mortgage loans concern the funding of acquisitions and the ownership of buildings and renovation of existing buildings. Other loans are considered non-eligible.

Within investments is included the investment in the ASR Dutch Farmland Fund (€ 1,679 million) which is managed by ASR Real Estate B.V. Farmland is considered taxonomy non-eligible since activity relating to the acquisition and ownership of agricultural land is currently not included in the delegated acts.

Own property, investment property and plant
Plant consists of wind farms and solar parks. The eligible activities within own property, investment property and plant relate to the acquisition and ownership of buildings, construction of new buildings, renovation of existing buildings, electricity generation from wind or solar power, and (to some degree) forest management.

Alignment
Below are the taxonomy alignment disclosures of a.s.r.'s investment activities for the first two environmental objectives: climate change mitigation and climate change adaptation. Voluntary disclosures in the tables below are based on reported data from investees, not in scope of NFRD, reporting on a voluntary basis. The voluntary disclosure had no impact on the mandatory disclosures.

The proportion of the insurance or reinsurance undertaking's investments that are directed at funding, or are associated with, Taxonomy-aligned in relation to total assets covered by the KPI

(in %)	Mandatory	Voluntary	Total
The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI, with following weights for investments in undertakings per below:			
Turnover-based	7%	1%	7%
Capital expenditures-based	7%	1%	7%
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities.			
Coverage ratio	100%		

(in € million)	Mandatory	Voluntary	Total
The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below:			
Turnover-based	7,766	733	8,499
Capital expenditures-based	7,610	771	8,381
The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.			
Coverage	113,551		

Additional, complementary disclosures: breakdown of denominator of the KPI

(in %)		(in € million)	
The percentage of derivatives relative to total assets covered by the KPI.	12%	The value in monetary amounts of derivatives.	13,271
The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings	2%	For non-financial undertakings	2,145
For financial undertakings	1%	For financial undertakings	1,083
The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings	13%	For non-financial undertakings	14,931
For financial undertakings	4%	For financial undertakings	4,054
The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings	6%	For non-financial undertakings	7,199
For financial undertakings	7%	For financial undertakings	8,339
The proportion of exposures to other counterparties and assets over total assets covered by the KPI	55%	Value of exposures to other counterparties and assets	62,530

Within value of exposures to other counterparties and assets is included an amount of € 12,827 million for certain investment funds and illiquid investments not in scope of NFRD for which no data was available for the required breakdown of the denominator.

Additional, complementary disclosures: breakdown of denominator of the KPI (continued)

(in %)	Mandatory	Voluntary	Total	(in € million)	Mandatory	Voluntary	Total
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:				Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:			
Turnover-based	7%	1%	7%	Turnover-based	7,392	698	8,090
Capital expenditures-based	6%	1%	7%	Capital expenditures-based	7,081	716	7,797
The value of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI:				Value of all the investments that are funding economic activities that are not Taxonomy-eligible:			
Turnover-based	14%	13%	27%	Turnover-based	16,216	14,437	30,654
Capital expenditures-based	14%	12%	26%	Capital expenditures-based	15,626	13,875	29,501
The value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI:				Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy- aligned:			
Turnover-based	36%	1%	37%	Turnover-based	41,258	1,156	42,414
Capital expenditures-based	37%	1%	38%	Capital expenditures-based	42,005	1,286	43,291

Additional, complementary disclosures: breakdown of numerator of the KPI

(in %)	Mandatory	Voluntary	(in € million)	Mandatory	Voluntary
The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI			Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU		
For non-financial undertakings:			For non-financial undertakings:		
Turnover-based	0%	1%	Turnover-based	467	697
Capital expenditures-based	1%	1%	Capital expenditures-based	865	708
For financial undertakings:			For financial undertakings:		
Turnover-based	0%	0%	Turnover-based	4	35
Capital expenditures-based	0%	0%	Capital expenditures-based	20	68
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:			Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:		
Turnover-based	7%	1%	Turnover-based	7,392	698
Capital expenditures-based	6%	1%	Capital expenditures-based	7,081	716
The proportion of Taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:			Value of Taxonomy-aligned exposures to other counterparties and assets over total assets covered by the KPI:		
Turnover-based	6%	0%	Turnover-based	7,296	0
Capital expenditures-based	6%	0%	Capital expenditures-based	6,725	0

Breakdown of the numerator of the KPI per environmental objective

(in % of total assets covered by the KPI)		Mandatory	Voluntary		Mandatory	Voluntary
(1) Climate change mitigation	Turnover-based	5%	1%	Transitional activities Turnover-based	0%	0%
				Enabling activities Turnover-based	0%	0%
	Capital expenditures-based	5%	1%	Transitional activities capital expenditure-based	0%	0%
				Enabling activities Capital expenditure-based	0%	0%
(2) Climate change adaptation	Turnover-based	2%	0%	Enabling activities Turnover-based	0%	0%
	Capital expenditures-based	2%	0%	Enabling activities Capital expenditure-based	0%	0%
(3) The sustainable use and protection of water and marine resources	Turnover-based			Enabling activities Turnover-based		
	Capital expenditures-based			Enabling activities Capital expenditure-based		
(4) The transition to a circular economy	Turnover-based			Enabling activities Turnover-based		
	Capital expenditures-based			Enabling activities Capital expenditure-based		
(5) Pollution prevention and control	Turnover-based			Enabling activities Turnover-based		
	Capital expenditures-based			Enabling activities Capital expenditure-based		
(6) The protection and restoration of biodiversity and ecosystems	Turnover-based			Enabling activities Turnover-based		
	Capital expenditures-based			Enabling activities Capital expenditure-based		

Investments
The main activities covered by taxonomy aligned investments (mandatory and voluntary) relate to:

- Electricity generation using solar photovoltaic technology, concentrated solar power (CSP) technology, wind power, ocean energy technologies, hydropower, geothermal energy, renewable non-fossil gaseous and liquid fuels or bio-energy. Co-generation of heat/cool and power from solar energy, geothermal energy, renewable non-fossil gaseous and liquid fuels or bio-energy;
- Acquisition and ownership of buildings and construction of new buildings;
- Manufacture of low carbon technologies for transport;
- Infrastructure for rail transport;
- Non-life insurance: underwriting of climate-related perils;
- Manufacture of renewable energy technologies, equipment for the production and use of hydrogen and other low carbon technologies;
- Installation, maintenance and repair of energy efficiency equipment, charging stations for electric vehicles in buildings and parking spaces attached to buildings, instruments and devices for measuring, regulating and controlling the energy performance of buildings or renewable energy technologies;

Included within investments are mortgage loans and other loans. The main activities covered by taxonomy aligned investments within mortgage loans concern the funding of acquisitions and the ownership of buildings.

Own property, investment property and plant
The aligned activities within own property, investment property and plant relate to the acquisition and ownership of buildings, electricity generation using solar photovoltaic technology and from wind power.

Nuclear energy and fossil gas related activities
From 2023 onwards, a.s.r. is also required to provide transparency regarding investments in gas and nuclear activities, as outlined in the Taxonomy Regulation Complementary Delegated Act. The following templates, as mandated by the EU Taxonomy Regulation, indicate whether a.s.r. has made investments in activities related to gas and nuclear sectors.

Nuclear energy and fossil gas related activities

	2023
Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

The following templates provide more Taxonomy information on the amount of investments in specific activities for climate change mitigation and climate change adaptation, both turnover-based and capital expenditures-based. The information, presented in total investment amounts and percentages, constitute the mandatory reporting basis and excludes any voluntary reporting.

The template below shows the exposures in Taxonomy-aligned economic activities in the denominator for nuclear energy and fossil gas related activities. This means that the percentages represent the amount of investments divided by the total assets covered by the KPI.

Taxonomy-aligned economic activities (denominator) for nuclear energy and fossil gas related activities current year

Economic activities	Turnover						CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	10	0%	10	0%	-	0%	3	0%	3	0%	-	0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	18	0%	17	0%	1	0%	13	0%	13	0%	-	0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	66	0%	65	0%	1	0%	242	0%	242	0%	-	0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	60	0%	60	0%	-	0%	233	0%	233	0%	-	0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	57	0%	56	0%	1	0%	202	0%	202	0%	-	0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	41	0%	40	0%	1	0%	110	0%	110	0%	-	0%
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	7,514	7%	5,462	5%	2,052	2%	6,807	6%	4,806	4%	2,001	2%
Total applicable KPI	**7,766**	**7%**	**5,710**	**5%**	**2,056**	**2%**	**7,610**	**7%**	**5,609**	**5%**	**2,001**	**2%**

The template below demonstrates exposures in the same activities but this time for the numerator, meaning that the percentages represent the total amount of investments divided by the total amount of Taxonomy-aligned economic activities.

Taxonomy-aligned economic activities (numerator) for nuclear energy and fossil gas related activities current year

Economic activities	Turnover						CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	10	0%	10	0%	-	0%	3	0%	3	0%	-	0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	18	0%	17	0%	1	0%	13	0%	13	0%	-	0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	66	1%	65	1%	1	0%	242	3%	242	4%	-	0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	60	1%	60	1%	-	0%	233	3%	233	4%	-	0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	57	1%	56	1%	1	0%	202	3%	202	4%	-	0%
Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	41	1%	40	1%	1	0%	110	1%	110	2%	-	0%
Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	7,514	97%	5,462	96%	2,052	100%	6,807	89%	4,806	86%	2,001	100%
Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	**7,766**	**100%**	**5,710**	**100%**	**2,056**	**100%**	**7,610**	**100%**	**5,609**	**100%**	**2,001**	**100%**

The templates below represent exposures in the amount and proportion of Taxonomy eligible but not Taxonomy-aligned economic activities and the Taxonomy non-eligible economic activities for nuclear energy and fossil gas related activities respectively.

Taxonomy-eligible economic but not taxonomy-aligned activities for nuclear energy and fossil gas related activities current year

Economic activities	Turnover						CapEx					
	CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)	(in € million)	(in %)
Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
Amount and proportion of taxonomy- eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	-	-	-	-	-	-	-	-	-	-	-
Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	41,258	36%	-	-	-	-	42,005	37%	-	-	-	-
Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	**41,258**	**36%**	**-**	**-**	**-**	**-**	**42,005**	**37%**	**-**	**-**	**-**	**-**

Taxonomy non-eligible economic activities for nuclear energy and fossil gas related activities current year

Economic activities	Turnover based		CapEx based	
	(in € million)	(in %)	(in € million)	(in %)
Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	28	0%	37	0%
Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	49	0%	61	0%
Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	250	0%	86	0%
Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	364	0%	204	0%
Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	434	0%	308	0%
Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	143	0%	85	0%
Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	8,461	7%	9,639	8%
Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI	**9,729**	**9%**	**10,420**	**9%**

Currently, the taxonomy alignment percentage only covers the first two (climate-related) environmental objectives. As a result of the phased entry into force of CSRD requirements, gradually more companies will report on the taxonomy alignment of their economic activities. As a result, data availability on taxonomy alignment will increase and should allow a.s.r. to enhance the quality of its taxonomy disclosure over time.

Measurement
Investment activities are accounted for using the same valuation principles that are used in the IFRS consolidated financial statements. The alignment is based on the assets held at 31 December 2023.

Key estimates and assumptions
a.s.r. has made efforts to gather the required data for taxonomy eligibility and alignment. Due to uncertainties in legislation and limitations in the availability of data at the time the Annual Report was being prepared a.s.r. has to some extent used interpretations, estimates and assumptions to arrive at the required disclosures. The disclosures made therefore represent a snapshot at the time they were prepared and are only an indication of the eligibility or alignment of the economic activities undertaken by a.s.r. The assumptions and interpretations used are further disclosed below.

Investment activities
For assets not generating revenue, such as own property, the CapEx based KPI is determined. The Turnover based KPI is set at an equal level to the CapEx based KPI.

Investments
To assess the eligibility and alignment of the investments, a.s.r. makes use of taxonomy data from data-vendors. Data vendors are dependent on the taxonomy information provided by the investee companies and make estimates when data was not available.

- For the disclosures in section alignment, a.s.r. only uses reported data. The voluntary data reported relates to investees not in scope of the NFRD voluntary disclosing taxonomy data.
- For the disclosures in section eligibility, a.s.r. used reported data for its mandatory disclosures and used estimated data for its voluntary disclosures. No reported data was used from investees reporting on a voluntary basis. For the voluntary disclosures, the data-vendors estimated eligibility for investee companies based on the reported revenue and capital expenditure for each industry sector they operate. Revenue or capital expenditure is considered eligible for taxonomy alignment when the portion

of company revenue or capital expenditure associated with activities is described in the delegated acts, regardless of whether the revenue or capital expenditure meets any or all of the technical screening criteria as set in these delegated acts. Companies that fail to meet the Do No Significant Harm and Minimum Safeguard criteria established by the EU Taxonomy methodology are excluded from the list of entities identified for potential alignment with the EU Taxonomy Regulation.

The classification of investees into financial and non-financial undertakings was done with data from data-vendors. When no data was available the classification was determined using NACE codes. All codes starting with K, M74.90, N82.91 and O84.30 were considered financial undertakings. When no data was available at all, for certain investment funds and illiquid investments, the investment was categorised under other counterparties and assets, and no eligibility and alignment data was disclosed in the numerator.

The eligibility and alignment of real estate funds is assessed using the economic activities of the underlying assets in that fund. The information used to establish the eligibility and alignment of the real estate portfolio is provided by the fund manager based upon knowledge of the underlying assets and their operation.

Own source information, based on EPC labels (*energieprestatiecertificaat*) and climate risk monitor, was largely used to establish the eligibility and alignment of the mortgage loans (e.g. mortgage agreements). The information for mortgage funds managed by third parties was provided by the fund managers.

Own property, investment property and plant
Own source information was used to establish the eligibility and alignment of the real estate portfolio, such as knowledge of the underlying assets and operation.

Underwriting activities
a.s.r. offers its underwriting activities both directly and through the intermediary channel via independent advisors and mandated agents. Own source information was used to determine eligibility and alignment for the insurance contract revenue of P&C for insurance policies sold through direct distribution channels and through advisors. For policies sold by mandated agents as well as co-insurance underwriting activities, no detailed information was available, and the same portfolio composition was therefore assumed as for the portfolio held by advisors.

Description of compliance with the EU Taxonomy Regulation
a.s.r. complies with the current scope of the EU Taxonomy Regulation for the 2023 financial year.

Our product design strategy takes climate-related risks into account, which become even more predominant in the mid and long term. Climate risks are monitored regularly, including their impact on a.s.r.'s pricing policy, acceptance policy, product development, claims handling and means of communication.

6.3 Social

6.3.1 Own workforce

Characteristics of the undertaking's employees

FTEs *

(in numbers, per 31 December)	Note	2023	2022	2021	2020	2019
Non-life		1,574	1,541	1,508	1,524	1,460
Life		520	488	493	464	460
Asset Management		423	409	363	347	330
Distribution and Services		806	745	706	680	573
Holding and Other		1,157	1,130	1,086	1,027	1,084
Total full-time equivalents internal		**4,479**	**4,313**	**4,155**	**4,042**	**3,906**
% of all a.s.r. employees working from the Utrecht location (FTE)		90%	92%	92%	91%	90%

Full-time employees *

(in numbers)	Note	2023	2022	2021	2020	2019
Female		616	552	514	479	510
Male		1,752	1,636	1,623	1,618	1,675
Total number of full-time employees		**2,368**	**2,188**	**2,137**	**2,097**	**2,185**

Part-time employees *

(in numbers)	Note	2023	2022	2021	2020	2019
Female		1,243	1,203	1,151	1,069	949
Male		545	573	576	520	449
Total number of part-time employees		**1,788**	**1,776**	**1,727**	**1,589**	**1,398**

Number of indefinite duration contracts *

(in numbers)	Note	2023	2022	2021	2020	2019
Female		1,583	1,513	1,460	1,363	1,303
Male		2,059	1,966	1,994	1,949	1,970
Total number of indefinite duration contracts		**3,642**	**3,479**	**3,454**	**3,312**	**3,273**

Number of definite duration contracts *

(in numbers)	Note	2023	2022	2021	2020	2019
Female		276	242	205	185	156
Male		238	243	205	189	154
Total number of definite duration contracts		**514**	**485**	**410**	**374**	**310**

Vacancies filled *

(in numbers)	Note	2023	2022	2021	2020	2019
By internal candidates	3.3.1	267	277	327	199	256
By external candidates	3.3.1	310	443	323	265	224
Total number of vacancies filled		**577**	**720**	**650**	**464**	**480**

Vacancies filled *

(in %)	Note	2023	2022	2021	2020	2019
By internal candidates	3.3.1	46	38	50	43	53
By external candidates	3.3.1	54	62	50	57	47
Total percentage of vacancies filled		**100**	**100**	**100**	**100**	**100**

New hires - split by gender[1]

(in numbers)	Note	2023	2022	2021	2020	2019
New hires - Female		276				
New hires - Male		280				
Total new hires		**556**	-	-	-	-

1 Metrics not reported before 2023.

New hires - split by age[1]

(in numbers)	Note	2023	2022	2021	2020	2019
New hires - <30 years		237				
New hires - 30-50 years		220				
New hires - >50 years		99				
Total new hires		**556**	**-**	**-**	**-**	**-**

Employee turnover *

(in %)	Note	2023	2022	2021	2020	2019
Voluntary employee turnover		4.7	7.1	3.7	2.9	3.7
Involuntary employee turnover		4.2	3.5	5.4	7.1	6.5
Total employee turnover		**8.9**	**10.7**	**9.1**	**10.0**	**10.2**

Employee turnover - split by gender [1]

(in %)	Note	2023	2022	2021	2020	2019
Voluntary employee turnover - Female		3.8				
Involuntary employee turnover - Female		5.2				
Total employee turnover Female		**9.0**				
Voluntary employee turnover - Male		4.6				
Involuntary employee turnover - Male		4.3				
Total employee turnover Male		**8.9**				
Total employee turnover		**8.9**	**10.7**	**9.1**	**10.0**	**10.2**

Employee turnover - split by age [1]

(in %)	Note	2023	2022	2021	2020	2019
Voluntary employee turnover - <30 years		6.0				
Involuntary employee turnover - <30 years		8.8				
Total employee turnover <30 years		**14.8**				
Voluntary employee turnover - 30-50 years		3.8				
Involuntary employee turnover - 30-50 years		4.4				
Total employee turnover - 30-50 years		**8.1**				
Voluntary employee turnover - >50 years		4.2				
Involuntary employee turnover - >50 years		3.8				
Total employee turnover - >50 years		**8.1**				
Total employee turnover		**8.9**	**10.7**	**9.1**	**10.0**	**10.2**

1 Metrics not reported before 2023.

Average years of service *

(in years)	Note	2023	2022	2021	2020	2019
Female		11.3	11.5	11.8	12.2	12.7
Male		14.3	14.5	14.8	15.8	16.4
Difference		**3.0**	**3.0**	**3.0**	**3.6**	**3.7**

Employee engagement in Denison scan *

(in percentile (0-100), compared to benchmark)	Note	2023	2022	2021	2020	2019
a.s.r.	3.3.2	89	88	91	89	77

eMood *

(score between 0 and 10)	Note	2023	2022	2021	2020	2019
eMood	3.3.2	7.7	7.6	7.5	7.5	n/a

eNPS *

(score between -100 and 100)	Note	2023	2022	2021	2020	2019
eNPS	3.3.2	40	42	47	48	n/a

Parental leave [1]

(in numbers)	Note	2023	2022	2021	2020	2019
Paid - Female		118				
Paid - Male		97				
Total Paid		**215**	-	-	-	-
Unpaid - Female		157				
Unpaid - Male		117				
Total Unpaid		**274**				
Total		**435**	-	-	-	-

1 Metrics not reported before 2023.

Percentage that have a completed fleet survey - split by gender [1]

(in %)	Note	2023	2022	2021	2020	2019
Female		85				
Male		87				
Total		**86**	-	-	-	-

Percentage that have a completed fleet survey - split by age [1]

(in % female / male)	Note	2023	2022	2021	2020	2019
<30 years		59				
30-50 years		88				
>50 years		92				
Total		**86**	-	-	-	-

Collective Labour Agreement coverage and social dialogue

Employees covered by Collective Labour Agreement (CLA) *

(in %)	Note	2023	2022	2021	2020	2019
Employees covered by CLA		100	100	99.5	99.4	99.3

Meetings of the Works Council

(in numbers)	Note	2023	2022
Regular Works Council meetings with EB	5.4	31	28
Regular Works Council meetings with EB and SB	5.4	2	2
Works Council meetings without EB and/or SB	5.4	64	70

Grievances *

(In numbers)	Note	2023	2022	2021	2020	2019
Grievances relating to labour practices	3.5.5	-	-	-	1	1

1 Metrics not reported before 2023.

Diversity metrics

Diversity of governance bodies and management *

in % (female / male)	Note	2023	2022	2021	2020	2019
Female < 30 years		-	-	-	-	-
Female 30-50 years		-	-	-	17	17
Female > 50 years		43	40	40	17	17
Male < 30 years		-	-	-	-	-
Male 30-50 years		-	-	-	-	-
Male > 50 years		57	60	60	66	66
Total Supervisory Board		**100**	**100**	**100**	**100**	**83**
Female < 30 years		-	-	-	-	-
Female 30-50 years		-	-	-	33	-
Female > 50 years		50	33	33	33	33
Male < 30 years		-	-	-	-	-
Male 30-50 years		33	33	33	-	33
Male > 50 years		17	33	33	33	33
Total Management Board		**100**	**100**	**100**	**100**	**100**
Female < 30 years		-	-	1	0	-
Female 30-50 years		18	18	20	20	21
Female > 50 years		12	11	9	9	7
Male < 30 years		0	1	1	1	0
Male 30-50 years		37	37	39	39	42
Male > 50 years		33	33	30	30	29
Total management[1]		**100**	**100**	**100**	**100**	**100**
Female < 30 years		6	6	6	5	6
Female 30-50 years		25	25	25	26	25
Female > 50 years		15	14	13	12	11
Male < 30 years		7	6	6	5	5
Male 30-50 years		25	26	26	27	28
Male > 50 years		23	23	24	25	25
Total other employees		**100**	**100**	**100**	**100**	**100**

1 In anticipation of the consolidation with the Aegon NL HR figures as of reporting year 2024 and as Aegon NL applied different classifications to the various layers of management which are not comparable like-for-like with a.s.r., a.s.r. reports on Management as a whole and does no longer apply any sub-classifications.

Diversity of governance bodies and management *

(in numbers female / male)	Note	2023	2022	2021	2020	2019
Female	5.1.4	3	2	2	2	2
Male	5.1.4	4	3	3	4	4
Total Supervisory Board		**7**	**5**	**5**	**6**	**6**
Female	5.1.3	3	1	1	2	1
Male	5.1.3	3	2	2	1	2
Total Management Board		**6**	**3**	**3**	**3**	**3**
Female	5.1.3	84	79	88	87	85
Male	5.1.3	201	197	204	213	214
Total management[1]		**285**	**276**	**292**	**300**	**299**
Female	5.1.3	1,772	1,675	1,565	1,444	1,372
Male	5.1.3	2,093	2,010	1,985	1,916	1,906
Total other employees		**3,865**	**3,685**	**3,550**	**3,360**	**3,278**

Breakdown gender diversity *

(in % female / male)	Note	2023	2022	2021	2020	2019
Supervisory Board	5.1.4	43/57	40/60	40/60	33/67	33/67
Management Board	5.1.3	50/50	33/67	33/67	67/33	33/67
Management[1]	5.1.3	29/71	29/71	30/70	29/71	28/72
Other employees	5.1.3	46/54	45/55	44/56	43/57	42/58
Total employees	5.1.3	45/55	44/56	43/57	42/58	41/59

1 In anticipation of the consolidation with the Aegon NL HR figures as of reporting year 2024 and as Aegon NL applied different classifications to the various layers of management which are not comparable like-for-like with a.s.r., a.s.r. reports on Management as a whole and does no longer apply any sub-classifications.

Adequate wages

Employee compensation *

In € million	Note	2023	2022	2021	2020	2019
Salaries and wages		463	316	292	273	257

Gross average hourly wages, split by gender *

(in €)	Note	31 December 2023		31 December 2022		31 December 2021		31 December 2020		31 December 2019	
		Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Executive Board[1]	3.3.3	355	381	334	346	296	313	277	337[2]	269	288
Management Board[1]	3.3.3	236	318	-	-	-	-	-	-	-	-
Management[3]	3.3.3	54	63	52	59	47	54	46	52	44	50
Other employees	3.3.3	27	32	27	31	25	29	24	29	24	28

Pay ratio * [4]

(units specified below)	Note	2023	2022	2021	2020[5]	2020 (reported)	2019
Annual total compensation for the highest-paid individual (in €)	5.3	1,470,000	1,215,000	1,108,000	1,420,000	824,000	1,145,000
Average annual total compensation for all employees (in €)	5.3	111,000	106,000	100,000	102,000	62,000	98,000
Average pay ratio (in %)	5.3	13.2	11.5	11.0	13.9	13.3	11.7
Average pay ratio difference compared to previous year (in %)	5.3	14.8					
Median annual total compensation for all employees (in €)		107,000	100,000				
Median pay ratio (in %)[6]		13.7	12.1				
Median pay ratio difference compared to previous year (in %)		13.2					

1 The figures for the EB include CEO's compensation.
2 Excluding CEO's compensation, the male average hourly wage of the EB would not be applicable as a.s.r. does not have male EB members.
3 In anticipation of the consolidation with the Aegon NL HR figures as of reporting year 2024 and as Aegon NL applied different classifications to the various layers of management which are not comparable like-for-like with a.s.r., a.s.r. reports on Management as a whole and does no longer apply any sub-classifications.
4 In 2021, the calculation method of the pay ratio was changed in accordance with the Dutch Corporate Governance Code. The new calculation method is based on: i) The total annual remuneration of the CEO includes all remuneration components (such as fixed remuneration, variable remuneration in cash (bonus), the share-based part of the remuneration, social contributions, pension, expense allowance, etc.), as included in the (consolidated) financial statements on an IFRS basis. ii) The average annual remuneration of the employees is determined by dividing the total wage costs in the financial year (as included in the (consolidated) financial statements on an IFRS basis) by the average number of FTEs during the financial year. iii) Pro rato must be taken into account when hiring external employees, insofar as they are hired for at least three months during the financial year.
5 The pay-ratio of 2020 excluding the extraordinary items is in accordance with the new calculation method 12.38.
6 As of 2022, a.s.r. reports on the median pay ratio in order to comply with GRI 2-21 and in anticipation of the CSRD.

Training and development

Employee development training

(in numbers)	Note	2023	2022	2021	2020	2019
Employees have completed job-related training	3.3.1	2,122	2,523	2,457	1,725	1,912
Employees took part in one of the development programmes	3.3.1	200	168	302	382	534
Employees followed a workshop on sustainable employability	3.3.1	636	366	326	391	343
Employees have completed an individual coaching programme	3.3.1	352	325	284	296	487
Employees were given guidance in the context of redundancy	3.3.1	31	41	86	85	157

Training and development *

(unit specified below)	Note	2023	2022	2021	2020	2019
Total spending on training and development (€ million)	3.3.1	5.6	5.4	4.4	4.6	6.0
Equivalent working time spent on training (€ thousands)		750	875	736	n/a	n/a
Training spending per FTE that followed (€)		1,452	1,479	1,255	1,314	1,815
Human capital return on investment (%)		12	13	14	13	12
Average days of training per employee that followed training		0.6	0.8	0.8	n/a	n/a
Employees took part in at least one targeted training session (%)	3.3.1	51	63	64	45	58

Training spending hours - split by gender [1]

Training spending hours - diversity in gender	Note	2023	2022	2021	2020	2019
Female		9,012				
Male		10,351				
Total training spending hours	3.3.1	**19,363**	-	-	-	-

1 Metrics not reported before 2023.

Training spending hours - split by age [1]

Training spending hours - diversity in age	Note	2023	2022	2021	2020	2019
<30 years		2,224				
30-50 years		11,064				
>50 years		6,074				
Total training spending hours	3.3.1	**19,363**	-	-	-	-

Average hourly wage per training spending hour [1]

(in €)	Note	2023	2022	2021	2020	2019
Average hourly wage per training spending hour		33.3	-	-	-	-

Ethical workshops and dilemma sessions

In numbers	Note	2023	2022	2021	2020	2019
Ethical workshops and dilemma sessions	3.7.4	13	10	8	6	10

1 Metrics not reported before 2023.

Absenteeism

Absenteeism rate * [1]

(in %)	Note	2023	2022	2021	2020	2019
Female	3.3.1	5.7	5.3	4.6	4.5	5.4
Male	3.3.1	3.0	3.4	3.0	3.1	3.2
Total absentee rate	3.3.1	**4.1**	**4.2**	**3.7**	**3.6**	**4.0**

Nil absenteeism rate *

(in %)	Note	2023	2022	2021	2020	2019
Nil absenteeism	3.3.1	56	50	63	63	54

Persons with disabilities

Participation desk *

(in numbers)	Note	2023	2022	2021	2020	2019
Employees employed through the Participation desk	3.3.1	53	44	46	37	35

1 Excluding maternity leave.

6.3.2 Consumers and end-users

Net Promoter Score - consumer (NPS-c)

(score between -100 and +100)	Note	2023	2022	2021	2020	2019
a.s.r.		**48**	**51**	**49**	**49**	**44**
P&C	4.2.2	41	59	59	58	51
Disability (incl. Loyalis)	4.2.3	67	65	60	58	46
Health	4.2.4	35	49	49	49	43
Pensions	4.3.2	62	57	52	56	52
Individual life	4.3.3	53	49	38	40	42
Funeral	4.3.3	48	50	47	47	40
Mortgages	4.4.4	38	39	43	40	n/a

6.4 Governance

6.4.1 Business conduct

Complaints relating to customer privacy

(in numbers)	Note	2023	2022	2021	2020	2019
Complaints received from third parties	3.7.2	147	107[1]	91	89	58
Complaints received from regulatory bodies[2]	3.7.2	1	-	3	2	-
Total		**148**	**107**	**94**	**91**	**58**

Complaints handled

(in numbers)	Note	2023	2022	2021	2020	2019
Yes, fully	3.1.3	1,494	1,216	1,600	1,431	1,322
No, not fully but follow-up is clear to me	3.1.3	430	293	314	250	292
No, not fully and the follow-up is unclear to me	3.1.3	218	107	126	107	103
Total		**2,142**	**1,616**	**2,040**	**1,788**	**1,717**

Complaints settled

(in numbers)	Note	2023	2022	2021	2020	2019
Upheld	3.1.3	3,700	2,856	3,482	3,306	3,213
Rejected	3.1.3	3,136	2,193	2,348	2,082	2,163
Total		**6,836**	**5,049**	**5,830**	**5,388**	**5,376**

Data breaches

(in numbers)	Note	2023	2022	2021	2020	2019
Notifications of data breaches to the Dutch Data Protection Authority	3.7.2	87	41	43	14	19

1 As of reporting year 2023, a more complete classification approach is applied to the figure complaints related to customer privacy received from third parties. The 2022 figure has been adjusted to align with the 2023 approach accordingly.
2 The complaints received from regulatory bodies are also included in the figure reported for complaints received from third parties.

Incidents lack of integrity

(in numbers)	Note	2023	2022	2021	2020	2019
Employees	3.7.3	23	10	5	4	9
Advisors and suppliers	3.7.3	63	58	50	45	32
Total		**86**	**68**	**55**	**49**	**41**

Violations measures taken against employees

(in numbers)	Note	2023	2022	2021	2020	2019
Address behaviour	3.7.3	3	-	1	3	4
Written warning	3.7.3	4	4	3	1	1
Dismissal	3.7.3	3	2	1	-	4
Total		**10**	**6**	**5**	**4**	**9**

6.5 Additional

6.5.1 Responsible investor indicators

Screened companies excluded due to Human rights violations

(in numbers)	Note	2023	2022	2021	2020	2019
Global Compact[1]	3.2.1	17	15	14	17	17
Armaments	3.2.1	110	90	118	124	153
Tobacco	3.2.1	23	19	18	19	16
Gambling	3.2.1	76	75	54	52	49
Coal-mining	3.2.1	78	39	90	8	10
Coal-fired electricity generation	3.2.1	66	54	38	11	13
Nuclear energy-related activities	3.2.1	19	14	11	10	8
Unconventional oil and gas	3.2.1	64	58	72	n/a	n/a
Total number of exclusions[2]	3.2.1	**453**	**364**	**415**	**241**	**266**

GRESB Real Estate and Debt Assessment Scores

0-100	Note	2023	2022	2021	2020	2019
ASR Dutch Core Residential Fund	3.2.2	92	90	88	84	84
ASR Dutch Prime Retail Fund	3.2.2	93	93	83	78	76
ASR Dutch Mobility Office Fund	3.2.2	93	91	92	84	77
ASR Dutch Science Park Fund	3.2.2	94	87	72	n/a	n/a

1 Global Compact includes Human rights violations, Labour rights violations, and Environmental violations.
2 Includes double counts due to the fact that some companies are excluded on more than one criteria.

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Financial statements

7

7.1 Introduction

7.1.1 General information

ASR Nederland N.V. (a.s.r.) is the second-largest insurer in the Netherlands. a.s.r. helps its customers share risks and build up capital for the future. a.s.r. does this with services and products that are good for today, tomorrow and always, in the fields of insurance, pensions, banking and mortgages for customers, businesses and employers. a.s.r. is also active as an asset manager for third parties.

a.s.r. is listed on Euronext Amsterdam and is included in the AEX index. a.s.r. has a total of 7,994 internal FTE's (2022: 4,313).

a.s.r. is a public limited company under Dutch law having its registered office located at Archimedeslaan 10, 3584 BA in Utrecht, the Netherlands. Country of incorporation is the Netherlands. a.s.r. has chosen the Netherlands as 'country of origin' (land van herkomst) for the issued share capital and some corporate bonds which are listed on Euronext Amsterdam and Euronext Dublin (Ticker: ASRNL).

a.s.r. is registered under number 30070695 in the register of the Chamber of Commerce.

The consolidated financial statements are presented in euros (€), being the functional currency of a.s.r. and all its group entities. All amounts quoted in these financial statements are in euros and rounded to the nearest million, unless otherwise indicated. Calculations are made using unrounded figures. As a result rounding differences can occur.

The consolidated financial statements were significantly impacted by the adoption of IFRS 17 Insurance contracts and IFRS 9 Financial instruments accounting standards. The impact of these changes on a.s.r.'s profit before tax and shareholders return is disclosed in chapter 7.3.1.

In addition, the consolidated financial statements were impacted by the business combination of a.s.r. and Aegon Nederland N.V. (Aegon NL), see chapter 7.4.5.

These statements have been prepared on a going concern basis.

The financial statements for 2023 were authorised for issue by the Executive Board (EB) and approved by the Supervisory Board (SB) on 2 April 2024. The financial statements 2023 will be presented to the Annual General Meeting (AGM) of Shareholders for adoption on 29 May 2024.

7.1.2 Statement of compliance

The consolidated financial statements of a.s.r. have been prepared in accordance with IFRS – including the International Accounting Standards (IAS) and Interpretations – as adopted by the EU (EU-IFRS), and with the financial reporting requirements included in Title 9, Book 2 of the Dutch Civil Code, where applicable. a.s.r.'s interpretation of EU-IFRS is included in the a.s.r. accounting manual. The accounting policies included in chapter 7.3 are a summary of the relevant accounting policies of the a.s.r. accounting manual. a.s.r. applies fair value hedge accounting for portfolio hedges of interest rate risk (macro hedging) under the EU 'carve out' of IFRS.

Pursuant to the options offered by Section 362, Book 2 of the Dutch Civil Code, a.s.r. has prepared its company financial statements in accordance with the same principles as those used for the consolidated financial statements.

7.2 Consolidated financial statements

7.2.1 Consolidated balance sheet

Consolidated balance sheet

(in € millions and before profit appropriation)	Note	31 December 2023	31 December 2022 restated	1 January 2022 restated
Intangible assets	7.5.1	649	322	310
Property, plant and equipment	7.5.2	732	679	556
Investment property	7.5.3	3,051	664	2,052
Associates and joint ventures at equity method	7.5.4	298	79	102
Investments	7.5.5	92,466	41,077	49,609
Investments related to direct participating insurance contracts	7.5.6	30,352	9,912	11,574
Derivatives	7.5.7	12,907	5,761	6,441
Deferred tax assets	7.5.8	636	318	-
Reinsurance contract assets	7.5.13	501	381	522
Other assets	7.5.9	1,265	460	560
Cash and cash equivalents	7.5.10	7,910	2,246	2,305
Total assets		**150,768**	**61,899**	**74,032**

(in € millions and before profit appropriation)	Note	31 December 2023	31 December 2022 restated	1 January 2022 restated
Share capital	7.5.11.1	34	24	22
Share premium reserve	7.5.11.2	4,070	1,533	956
Unrealised gains and losses	7.5.11.3	383	266	717
Actuarial gains and losses	7.5.11.4	-288	-168	-1,055
Retained earnings		4,147	3,569	5,613
Treasury shares	7.5.11.5	-7	-79	-83
Equity attributable to shareholders		**8,339**	**5,146**	**6,170**
Other equity instruments	7.5.11.6	1,004	1,004	1,004
Equity attributable to holders of equity instruments		**9,342**	**6,150**	**7,174**
Non-controlling interests		35	27	18
Total equity		**9,377**	**6,177**	**7,192**
Subordinated liabilities	7.5.12	2,005	2,005	1,010
Insurance contract liabilities	7.5.13	63,302	31,640	41,998
Liabilities arising from direct participating insurance contracts	7.5.14	36,082	10,463	12,175
Employee benefits	7.5.15	5,218	2,742	4,013
Provisions	7.5.16	414	18	24
Borrowings	7.5.17	6,384	188	165
Derivatives	7.5.7	10,132	5,681	832
Deferred tax liabilities	7.5.8	-	-	3
Savings deposits	7.5.18	11,967	-	-
Due to banks	7.5.19	4,512	2,264	5,741
Other liabilities	7.5.20	1,376	721	878
Total liabilities		**141,391**	**55,723**	**66,839**
Total equity and liabilities		**150,768**	**61,899**	**74,032**

The numbers following the line items refer to the relevant chapters in the notes.

The comparative figures for 31 December 2022 and 1 January 2022 have been restated (see chapter 7.3.1). Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format to ensure comparability.

7.2.2 Consolidated income statement

Consolidated income statement for the year ended 31 December

(in € millions)	Note	2023	2022 restated
Insurance contract revenue	7.6.1	8,095	5,547
Incurred claims and benefits		*-6,400*	*-4,537*
Insurance service operating expenses	7.6.11	*-1,227*	*-1,050*
Insurance service expenses	7.6.2	-7,628	-5,587
Insurance service result before reinsurance		**468**	**-40**
Allocation of reinsurance premiums paid		-560	-110
Amounts recoverable from reinsurers		532	86
Net expenses from reinsurance contracts	7.6.3	**-27**	**-23**
Insurance service result		**440**	**-63**
Direct investment income	7.6.4	4,633	1,708
Net fair value gains and (losses)	7.6.5	4,718	-15,284
Impairments on financial assets	7.6.6	-20	-
Net finance expenses from insurance contracts	7.6.7	-5,205	11,903
Net finance income from reinsurance contracts	7.6.7	-6	-67
Other finance expenses	7.6.8	-2,736	-449
Investment operating expenses	7.6.11	-216	-70
Investment and finance result		**1,167**	**-2,259**
Share of result of associates and joint ventures		8	-3
Fee income	7.6.9	334	200
Other income	7.6.10	389	109
Total other income		**731**	**306**
Other expenses	7.6.11	-950	-307
Other income and expenses		**-218**	**-1**
Result before tax		**1,389**	**-2,323**
Income tax (expense) / gain	7.6.12	-303	606
Net result		**1,086**	**-1,717**

(in € millions)	Note	2023	2022 restated
Attributable to:			
Non-controlling interests		-	-8
- Shareholders of the parent		1,038	-1,757
- Holders of other equity instruments		48	48
Result attributable to holders of equity instruments		**1,086**	**-1,709**

The numbers following the line items refer to the relevant chapters in the notes.

The comparative figures for 2022 have been restated (see chapter 7.3.1). Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format to ensure comparability.

Basic and diluted earnings per share

(in €)	Note	2023	2022 restated
Basic earnings per ordinary share	7.5.11	5.80	-12.83
Diluted earnings per ordinary share	7.5.11	5.26	-10.97

7.2.3 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income for the year ended 31 December

(in € millions)	Note	2023	2022 restated
Net result		**1,086**	**-1,717**
Remeasurements of post-employment benefit obligation	7.5.15.1	-162	1,195
Unrealised change in value of property for own use and plant	7.5.2	5	13
Equity instruments designated as FVOCI	7.5.5.2		
- Unrealised change in value of equity instruments designated as FVOCI		126	-543
- Realised gains/(losses) on equity instruments designated as FVOCI		85	140
Income tax on items that will not be reclassified to profit or loss	7.5.8	-9	-244
Total items that will not be reclassified to profit or loss		**45**	**562**
Unrealised change in value of debt instruments at FVOCI	7.5.5.2	17	-
Income tax on items that may be reclassified subsequently to profit or loss	7.5.8	-	-
Total items that may be reclassified subsequently to profit or loss		**17**	**-**
Total other comprehensive income, after tax		**61**	**562**
Total comprehensive income		**1,147**	**-1,155**
Attributable to:			
Non-controlling interests		-	-8
- Shareholders of the parent		1,099	-1,195
- Holders of other equity instruments		48	48
Total comprehensive income attributable to holders of equity instruments		**1,147**	**-1,147**

- Shareholders of the parent

The numbers following the line items refer to the relevant chapters in the notes.

The comparative figures for 2022 have been restated (see chapter 7.3.1). Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format to ensure comparability.

7.2.4 Consolidated statement of changes in equity

Consolidated statement of changes in equity

(in € millions)	Share capital	Share premium reserve	Unrealised gains and losses	Unrealised actuarial gains and losses	Retained earnings	Treasury shares	Equity attributable to shareholders	Other equity instruments	Non controlling interest	Total equity
1 January 2022, as previously reported	22	956	1,461	-1,055	5,061	-83	6,363	1,004	18	7,385
Impact of changes in accounting standards	-	-	-744	-	552	-	-193	-	-	-193
Restated at 1 January 2022	**22**	**956**	**717**	**-1,055**	**5,613**	**-83**	**6,170**	**1,004**	**18**	**7,192**
Net result	-	-	-	-	-1,709	-	-1,709	-	-8	-1,717
Total other comprehensive income	-	-	-451	887	126	-	562	-	-	562
Total comprehensive income	**-**	**-**	**-451**	**887**	**-1,583**	**-**	**-1,147**	**-**	**-8**	**-1,155**
Dividend paid	-	-	-	-	-346	-	-346	-	-1	-347
Discretionary interest on other equity instruments	-	-	-	-	-48	-	-48	-	-	-48
Treasury shares acquired (-)/sold	-	-	-	-	-	-71	-71	-	-	-71
Increase / (decrease) in capital	2	577	-	-	-68	75	586	-	18	604
Other movements	-	-	-	-	2	-	2	-	-	2
At 31 December 2022	**24**	**1,533**	**266**	**-168**	**3,569**	**-79**	**5,146**	**1,004**	**27**	**6,177**

(in € millions)	Share capital	Share premium reserve	Unrealised gains and losses	Unrealised actuarial gains and losses	Retained earnings	Treasury shares	Equity attributable to shareholders	Other equity instruments	Non controlling interest	Total equity
At 1 January 2023	**24**	**1,533**	**266**	**-168**	**3,569**	**-79**	**5,146**	**1,004**	**27**	**6,177**
Net result	-	-	-	-	1,086	-	1,086	-	-	1,086
Total other comprehensive income	-	-	117	-120	65	-	61	-	-	61
Total comprehensive income	**-**	**-**	**117**	**-120**	**1,151**	**-**	**1,147**	**-**	**-**	**1,147**
Dividend paid	-	-	-	-	-482	-	-482	-	-2	-484
Discretionary interest on other equity instruments	-	-	-	-	-48	-	-48	-	-	-48
Treasury shares acquired (-)/sold	-	-	-	-	-1	-4	-5	-	-	-5
Increase / (decrease) in capital	10	2,537	-	-	-40	75	2,582	-	2	2,584
Changes in the composition of the group	-	-	-	-	-	-	-	-	14	14
Other movements	-	-	-	-	-2	-	-2	-	-7	-8
At 31 December 2023	**34**	**4,070**	**383**	**-288**	**4,147**	**-7**	**8,339**	**1,004**	**35**	**9,377**

The comparative figures for 2022 have been restated (see chapter 7.3.1).

For more information on the share premium reserve, see chapter 7.5.11.2.

For more information on the actuarial gains and losses related to the pension obligation, see chapter 7.5.11.4.

For more information on treasury shares acquired and sold, see chapter 7.5.11.5.

At a glance
Message from the CEO
Business and strategy
How a.s.r. operates
Business performance
Governance
Non-financial statements
Financial statements
Introduction
Consolidated financial statements
Accounting policies
Group structure and segment information
Notes to the consolidated balance sheet
Notes to the consolidated income statement
Other notes
Risk management
Capital management
Operating result
Company financial statements
Additional information
Appendix

7.2.5 Consolidated statement of cash flows

Consolidated statement of cash flows

(in € millions)	2023	2022 restated
Cash and cash equivalents as at 1 January	**2,246**	**2,305**
Cash generated from operating activities		
Result before tax	1,389	-2,323
Adjustments on non-cash items included in result:		
Revaluation through profit or loss	26	5
Retained share of result of associates and joint ventures	-5	23
Amortisation of intangible assets	43	11
Depreciation of property, plant and equipment	50	37
Amortisation of subordinated debts	2	1
Impairments	34	1
Changes in operating assets and liabilities:		
Net (increase) / decrease in investment property	22	1,388
Net (increase) / decrease in investments	715	8,130
Net (increase) / decrease in investments related to direct participating contracts	-2,192	1,662
Net (increase) / decrease in derivatives	-2,274	5,529
Net (increase) / decrease in savings deposits	708	-
Net (increase) / decrease in amounts due to banks	1,348	-3,477
Net (increase) / decrease in reinsurance contracts	65	141
Net increase / (decrease) in liabilities arising from insurance contracts	1,123	-10,358
Net increase / (decrease) in liabilities arising from direct participating contracts	2,393	-1,711
Net (increase) / decrease in other operating assets and liabilities	226	182
Income tax received (paid)	-90	-202
Cash flows from operating activities	**3,583**	**-961**
Cash flows from investing activities:		
Investments in associates and joint ventures	-18	-
Proceeds from sales of associates and joint ventures	8	-
Purchases of property, plant and equipment	-29	-179
Purchases of group companies (less acquired cash positions)	2,255	-13
Proceeds from sales of property, plant and equipment	-	1
Purchase of intangible assets	-5	-11
Cash flows from investing activities	**2,211**	**-202**

(in € millions)	2023	2022 restated
Cash flows from financing activities:		
Increase/ (decrease) of capital	-	586
Issue of subordinated debts	-	987
Proceeds from issues of loans	1,165	-
Repayment of loans	-741	-5
Repayment of lease liabilities	-12	-8
Dividend paid	-484	-347
Discretionary interest to holders of equity instruments	-48	-48
Non-controlling interests	-5	10
(Purchase)/ sale of treasury shares	-5	-71
Cash flows from financing activities	**-130**	**1,104**
Cash and cash equivalents as at 31 December	**7,910**	**2,246**
Further details on cash flows from operating activities:		
Interest received	4,205	1,439
Interest paid	-2,274	-383
Dividend received	280	176
Further details on lease payments:		
Total cash outflow for leases	-11	-7

The comparative figures for 2022 have been restated (see chapter 7.3.1).

7.3 Accounting policies

7.3.1 Changes in EU endorsed published IFRS Standards and Interpretations effective in 2023

a.s.r. has adopted the following new standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2023:

- IFRS 17 Insurance contracts;
- IFRS 9 Financial instruments.

The impact of these changes on a.s.r.'s profit before tax and shareholders returns is summarised below. In line with IFRS accounting requirements the comparative figures relating to IFRS 17 have been restated. In addition, a.s.r. has chosen to restate the comparative figures relating to IFRS 9 in line with the overlay approach as permitted under IFRS 17, ensuring better comparability between 2022 and 2023. Due to further analysis of the impact of IFRS 17 and IFRS 9 and harmonisation resulting from the Aegon NL acquisition, the comparative figures related to these standards show some adjustments in comparison to earlier presented comparative figures.

With the exception of IFRS 17 and IFRS 9, there were no changes in EU endorsed published IFRS Standards and Interpretations that were relevant to a.s.r.

7.3.1.1 IFRS 17 Insurance contracts

Recognition, measurement and presentation of insurance contracts

IFRS 17 establishes principles for the recognition, classification, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participating features. The standard introduces three models for the measurement of the insurance contracts. The general measurement model (GMM), the variable fee approach (VFA) for contracts with a direct participating feature and the premium allocation approach (PAA) which is a simplified version of the GMM and is used mainly for short-duration contracts.

The GMM and VFA measure insurance liabilities as the total of the present value of future cash flows (inflows as well as outflows), the risk adjustment (RA) and a contractual service margin (CSM). The CSM represents the unearned profits of insurance contracts and is released to the income statement over the expected insurance coverage period and recognised as revenue in each reporting period. The insurance contract revenue depicts the insurance contract services provided arising from the group of insurance contracts at an amount that reflects the consideration to which a.s.r. is entitled to in exchange for those services. Revenue includes the release of the CSM and RA in profit or loss over the coverage period. Insurance service result, comprising of insurance contract revenue and insurance service expenses, is a new income statement line item which is effectively a net result on non-financial risks of all insurance contracts.

Shadow accounting and recognising a provision for realised gains and losses has been discontinued under IFRS 17.

Insurance finance income and expenses are presented separately from insurance contract revenue and insurance service expenses.

The VFA is required for insurance contracts that meet specific requirements whereby a link between payments to the policyholder and the returns on underlying items, such as some 'participating', 'with profits' and 'unit linked' contracts, is key. The interest on the CSM for such contracts is accreted implicitly through adjusting the CSM for the change in the variable fee. The variable fee represents a.s.r.'s share of the fair value of the underlying items less amounts that do not vary based on the return of the underlying items. The CSM is also adjusted for the time value of money and the effect of changes in financial risks not arising from underlying items such as options and guarantees.

a.s.r. applies the PAA to simplify the measurement of contracts in the Non-life segment, except for certain groups of Non-life contracts which do not qualify for the PAA. a.s.r. uses the PAA as the default measurement model for reinsurance contracts with a coverage period of one year or less, but the business line has the option to choose the GMM.

When measuring liabilities for remaining coverage, the PAA is similar to a.s.r.'s previous accounting treatment. When measuring liabilities for incurred claims, a.s.r. discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised directly in profit or loss. Under IFRS 17, insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability when triggers are identified. These assets are presented in the carrying amount of the insurance contract liabilities and are included in the insurance contract cash flows once the related contracts have been recognised. Under the GMM and VFA, insurance acquisition cash flows are included in the estimates of the present value of future cash flows of insurance contracts and released to profit or loss in a systematic way based on the passage of time. For contracts under the PAA model a.s.r. made the election to recognise insurance acquisition cash flows directly in the income statement.

Income and expenses from reinsurance contracts held, other than insurance finance income and expenses, are included within the insurance service result in the income statement, but separate from the insurance contracts.

For more information reference is made to accounting policy F.

Under the former a.s.r. accounting policies (IFRS 4) the main principles applied were:

- Future obligations in respect of policy benefits for life insurance contracts were calculated based on a net premium method (the present value of future obligations less the present value of future net premiums) using the same principles as for calculating the premium at inception of the insurance contract 'tarief grondslagen'.
- For Non-life a provision for claims, a provision for current risks, and a provision for unearned premiums was recognised. The provision for claims was based on estimates of claims payable. Claims payable related to unpaid claims and claims handling costs, as well as claims incurred but not reported.
- Shadow accounting was applied allowing recognised unrealised gains or losses on assets (either through other comprehensive income or profit or loss) to be transferred to the insurance liabilities.
- A provision for realised gains and losses as part of the insurance liability was recognised.
- The liability adequacy test (LAT) was performed each reporting date to assess the adequacy of insurance liabilities. For this test, the insurance liabilities were calculated in accordance with Solvency II, using the Ultimate Forward Rate prevailing at the reporting date.
- All acquisition costs were recognised in the income statement when incurred.
- Revenue for insurance contracts was recognised when premiums were earned or received.
- The reinsurance expenses were presented under net insurance premiums and amounts recovered from reinsurers were presented under net insurance claims and benefits.
- Value of Business acquired (VOBA) represented the difference between the fair value and the carrying amount of insurance portfolios that had been acquired.
- Receivables and payables in relation to insurance contracts were presented under loans and receivables and due to customers.

Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied retrospectively to the extent practicable. At 1 January 2022, a.s.r.:

- Identified, recognised and measured each group of contracts using the full retrospective approach (as if IFRS 17 had always been applied), the modified retrospective approach or the fair value approach.
- Identified, recognised and measured any assets for prepaid insurance acquisition cash flows as if IFRS 17 had always been applied.
- Derecognised previously reported balances that would not have existed if IFRS 17 had always been applied. These included the intangible assets 'value of business acquired', insurance receivables and insurance payables. Under IFRS 17, these are included in the measurement of the insurance contracts liabilities and assets.
- Recognised any resulting net difference in equity. The carrying amount of goodwill from previous business combinations was not adjusted.

Notwithstanding the above, for certain groups of contracts IFRS 17 has not been applied retrospectively, because data was not available. In these cases, a.s.r. applied the modified retrospective approach or the fair value approach as allowed by IFRS 17 at 1 January 2022. To indicate the effect of these groups of contracts on the CSM and insurance contract revenue, a.s.r. has provided additional disclosures. See chapter 7.5.13 and chapter 7.5.14.

a.s.r. has applied the transition provisions in IFRS 17 and has disclosed the effect on the consolidated financial statements at 1 January 2022 in chapter 3.4 of the consolidated interim statement of changes in equity, and in chapter 4.2.3 financial impact of changes in accounting policies and changes in presentation. The application of the transition measurement methods are presented below:

Transition measurement methods for contracts measured under the GMM or PAA

Segment	Product	Reporting year date	Transition measurement method
Non-life	P&C		Full retrospective approach
	Disability		Modified retrospective approach or Fair value approach
	Health		Full retrospective approach
Life	Life individual	Contracts after 1-1-2016	Full retrospective approach
		Contracts before 1-1-2016	Fair value approach
	Pension	Acquisitions after 1-1-2018	Full retrospective approach
		Other contracts	Fair value approach
	Funeral	Contracts after 1-1-2002	Full retrospective approach
		Contracts before 1-1-2002	Fair value approach

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome possible to the full retrospective approach using reasonable and supportable information available without undue cost or effort. a.s.r. applies each of the following modifications only to the extent that it did not have reasonable and supportable information to apply IFRS 17 retrospectively.

Modifications on transition for insurance contracts measured under the GMM:

- Some groups of insurance contracts issued before 1 January 2022 contain contracts issued more than one year apart. For these groups, the discount rate at 1 January 2022 was used for subsequent measurement instead of the discount rate on initial recognition. These contracts represent 5.5% of the total insurance contracts liabilities at 1 January 2022.

When the modification above was used to determine the CSM (or the loss component) on initial recognition:

- The amount of the CSM recognised in the income statement before 1 January 2022 was determined by comparing the CSM on initial recognition and the remaining CSM at 1 January 2022; and
- The amount allocated to the loss component before 1 January 2022 was determined using the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk on initial recognition.

Fair value approach
For certain groups of contracts, the fair value approach was used for identifying and measuring groups of contracts at 1 January 2022. Under the fair value approach, a.s.r. determines the CSM (or loss component) as at 1 January 2022 for a group of insurance contracts based on the difference between the fair value of the group and the fulfilment cash flows. When the fair value approach is used a.s.r. does not apply annual cohorts. For these groups the discount rate at 1 January 2022 is used. When insurance contracts have been acquired that contain only a liability for incurred claims a.s.r. has applied the policy choice to continue this accounting at transition date. These contracts represent 63.9% of the total insurance contracts liabilities at 1 January 2022.

Non-life insurance contracts
P&C and Health applied the full retrospective approach. Individual disability and absenteeism insurance applied the fair value approach. Group disability applied the modified retrospective approach.

Life insurance contracts
On transition to IFRS 17, a.s.r. applied the full retrospective approach for all Life individual contracts issued or acquired on or after 1 January 2016, for all Pension portfolios acquired after 1 January 2018 and for all funeral contracts issued or acquired on or after 1 January 2002. For all other contracts a.s.r. applies the fair value approach in identifying and measuring groups of contracts.

Direct participating insurance contracts
a.s.r. applied the fair value approach for all groups of contracts issued or acquired before 1 January 2022.

If the calculation resulted in a CSM, then a.s.r. measured the CSM at 1 January 2022. If the calculation resulted in a loss component, then a.s.r. adjusted the loss component to zero, and increased the liability for remaining coverage. In effect the adjustment to zero is incorporated in equity of the opening balance at transition date.

7.3.1.2 IFRS 9 Financial instruments

See accounting policy E.

Classification of financial assets and financial liabilities
IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification and measurement of financial assets under IFRS 9 is based on a.s.r.'s business models, in which a financial asset is managed, and its contractual cash flow characteristics. In many instances, the classification and measurement under IFRS 9 will be similar to IAS 39, although certain differences will arise. The classification of financial liabilities remains unchanged. Derivatives embedded in contracts for which the host is a financial asset in scope of IFRS 9 are not separated. Instead the hybrid financial instrument as a whole is assessed for classification which is in line with a.s.r.'s previous classification under IAS 39.

Impairment of financial assets
The recognition and measurement of impairments under IFRS 9 is intended to be more forward looking than under IAS 39. The new impairment requirement will apply to all financial assets that are debt instruments and are measured at amortised cost or at fair value through other comprehensive income. Initially, a provision is required for expected credit losses (ECL) resulting from default events that are expected within the next twelve months. In the event of a significant increase in credit risk, a provision is required for ECL resulting from all possible default events over the expected life of the financial asset. For trade receivables that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL (simplified approach). Under IFRS 9, credit losses are recognised earlier than under IAS 39. For a.s.r. only other financial assets were in scope of the impairment requirement at transition date, for which a.s.r. applies the simplified approach.

Hedge accounting
The hedge accounting requirements of IFRS 9 introduce a new general hedge accounting model. At first application of IFRS 9 a.s.r. decided not to apply hedge accounting in relation to its insurance business.

Transition
Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except the following assessments have been made based on the facts and circumstances that existed at 1 January 2023:

- The determination of the business models within which certain financial assets are held.
- The designation and revocation of previous designations of certain financial assets as measured at FVTPL.
- In line with Solvency II reporting a.s.r. accounts for debt instruments at their "dirty" fair value, thus including any related accrued interest.

Details of the changes and implications resulting from the adoption of IFRS 9 are presented in chapter 7.3.1.3 and chapter 7.3.1.4 below.

7.3.1.3 Financial impact of changes in accounting policies and changes in presentation

Below, the reconciliation of the 2022 opening and closing consolidated balance sheet is disclosed to account for the impact of IFRS 17 and IFRS 9.

Reconciliation of the consolidated balance sheet 31 December 2022

(in € millions)	31 December 2022	Reclassification	Remeasurement IFRS9	Remeasurement IFRS17	Restated 31 December 2022
Intangible assets	418	-	-	-96	322
Property, plant and equipment	679	-	-	-	679
Investment property	664	-	-	-	664
Associates and joint ventures at equity method	79	-	-	-	79
Investments	25,640	16,726	-1,289	-	41,077
Investments on behalf of policyholders	9,912	-9,912	-	-	-
Investments related to direct participating contracts	-	9,912	-	-	9,912
Investments related to investment contracts	2,000	-2,000	-	-	-
Loans and receivables	17,171	-17,171	-	-	-
Derivatives	5,428	334	-	-	5,761
Deferred tax assets	119	-	332	-134	318
Reinsurance contracts	357	-357	-	-	-
Reinsurance contract assets	-	418	-	-37	381
Other assets	828	-368	-	-	460
Cash and cash equivalents	2,245	1	-	-	2,246
Total assets	**65,539**	**-2,417**	**-956**	**-267**	**61,899**
Share capital	24	-	-	-	24
Share premium reserve	1,533	-	-	-	1,533
Unrealised gains and losses	-922	1,187	-	-	266
Actuarial gains and losses	-168	-	-	-	-168
Retained earnings	5,333	-1,185	-956	377	3,569
Treasury shares	-79	-	-	-	-79
Equity attributable to shareholders	**5,722**	**3**	**-956**	**377**	**5,146**
Other equity instruments	1,004	-	-	-	1,004
Equity attributable to holders of equity instruments	**6,726**	**3**	**-956**	**377**	**6,150**
Non-controlling interests	27	-	-	-	27
Total equity	**6,753**	**3**	**-956**	**377**	**6,177**
Subordinated liabilities	1,980	26	-	-	2,005
Liabilities arising from insurance contracts	29,633	-29,633	-	-	-
Liabilities arising from insurance contracts on behalf of policyholders	13,007	-13,007	-	-	-

(in € millions)	31 December 2022	Reclassification	Remeasurement IFRS9	Remeasurement IFRS17	Restated 31 December 2022
Insurance contract liabilities	-	32,150	-	-509	31,640
Liabilities arising from direct participating insurance contracts	-	10,598	-	-135	10,463
Liabilities arising from investment contracts	2,000	-2,000	-	-	-
Employee benefits	2,742	-	-	-	2,742
Provisions	18	-	-	-	18
Borrowings	214	-26	-	-	188
Derivatives	5,523	159	-	-	5,681
Due to customers	471	-471	-	-	-
Due to banks	2,262	2	-	-	2,264
Other liabilities	938	-217	-	-	721
Total liabilities	**58,787**	**-2,420**	**-**	**-644**	**55,723**
Total equity and liabilities	**65,539**	**-2,417**	**-956**	**-267**	**61,899**

Reconciliation of the consolidated balance sheet 1 January 2022

(in € millions)	31 December 2021	Reclassification	Remeasurement IFRS9	Remeasurement IFRS17	Restated 1 January 2022
Intangible assets	428	-	-	-119	310
Property, plant and equipment	556	-	-	-	556
Investment property	2,052	-	-	-	2,052
Associates and joint ventures at equity method	102	-	-	-	102
Investments	33,550	14,602	1,458	-	49,609
Investments on behalf of policyholders	11,574	-11,574	-	-	-
Investments related to direct participating contracts	-	11,574	-	-	11,574
Investments related to investment contracts	1,952	-1,952	-	-	-
Loans and receivables	15,259	-15,259	-	-	-
Derivatives	6,212	229	-	-	6,441
Reinsurance contracts	417	-417	-	-	-
Reinsurance contract assets	-	488	-	34	522
Other assets	631	-71	-	-	560
Cash and cash equivalents	2,306	-1	-	-	2,305
Total assets	**75,040**	**-2,382**	**1,458**	**-85**	**74,032**
Share capital	22	-	-	-	22
Share premium reserve	956	-	-	-	956
Unrealised gains and losses	1,461	-745	-	-	717
Actuarial gains and losses	-1,055	-	-	-	-1,055
Retained earnings	5,061	742	1,082	-1,271	5,613
Treasury shares	-83	-	-	-	-83
Equity attributable to shareholders	**6,363**	**-3**	**1,082**	**-1,271**	**6,170**
Other equity instruments	1,004	-	-	-	1,004
Equity attributable to holders of equity instruments	**7,367**	**-3**	**1,082**	**-1,271**	**7,174**
Non-controlling interests	18	-	-	-	18
Total equity	**7,385**	**-3**	**1,082**	**-1,271**	**7,192**
Subordinated liabilities	992	18	-	-	1,010
Liabilities arising from insurance contracts	37,797	-37,797	-	-	-
Liabilities arising from insurance contracts on behalf of policyholders	14,566	-14,566	-	-	-
Insurance contract liabilities	-	40,383	-	1,615	41,998
Liabilities arising from direct participating insurance contracts	-	12,160	-	15	12,175
Liabilities arising from investment contracts	1,952	-1,952	-	-	-
Employee benefits	4,013	-	-	-	4,013
Provisions	24	-	-	-	24
Borrowings	192	-26	-	-	165
Deferred tax liabilities	69	-	376	-443	3
Derivatives	759	73	-	-	832
Due to customers	573	-573	-	-	-
Due to banks	5,741	-	-	-	5,741
Other liabilities	976	-98	-	-	878
Total liabilities	**67,655**	**-2,379**	**376**	**1,187**	**66,839**
Total equity and liabilities	**75,040**	**-2,382**	**1,458**	**-85**	**74,032**

The adoption of IFRS 9 and 17 has had the following impact on a.s.r.'s basic and diluted earnings per ordinary share for the year ended 31 December 2022:

- For basic earnings per share, a decrease of € 17.83; and
- For diluted earnings per share, a decrease of € 15.39.

7.3.1.4 Transition to IFRS 9

The following table contains the original measurement category and carrying amount under IAS 39 and the new measurement category and carrying amount under IFRS 9 for each class of financial assets and financial liabilities as at 1 January 2023. Also included are the reclasses related to amongst others the 'dirty' fair value. See accounting policy E.

Original measurement category and carrying amount under IAS 39 and the new measurement category and carrying amount under IFRS 9 as at 1 January 2023

(in € millions)	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
Financial assets				
Investments				
Investments - transferred under repurchase agreements				
Government bonds	Available for sale	FVTPL (mandatory)	432	437
Investments - own risk				
Real estate equity funds	FVTPL	FVTPL (mandatory)	4,105	4,092
Mortgage equity funds	FVTPL	FVTPL (mandatory)	684	705
Mortgage equity funds	Available for sale	FVTPL (mandatory)	303	303
Government bonds	Available for sale	FVTPL (mandatory)	8,794	8,872
Corporate bonds	Available for sale	FVTPL (mandatory)	7,188	7,272
Asset-backed securities	Available for sale	FVTPL (mandatory)	416	413
Preference shares	Available for sale	FVOCI	289	297
Other investment funds	Available for sale	FVTPL (mandatory)	1,596	1,588
Other investment funds	FVTPL	FVTPL (mandatory)	16	16
Equities	Available for sale	FVOCI	1,743	1,743
Equities	FVTPL	FVTPL	67	67
Other participating contracts	Available for sale	FVOCI	6	6
Government and public sector loans	Amortised Cost	FVTPL (mandatory)	221	227
Mortgage loans	Amortised Cost	FVTPL (mandatory)	10,366	9,074
Loans to credit institutions	Amortised Cost	FVTPL (mandatory)	2,627	2,644
Other investments	Amortised Cost	FVTPL (mandatory)	3,352	3,320
			42,206	**41,077**

Original measurement category and carrying amount under IAS 39 and the new measurement category and carrying amount under IFRS 9 as at 1 January 2023

(in € millions)	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
Investments related to direct participating insurance contracts				
Real estate equity funds	FVTPL	FVTPL (mandatory)	170	170
Mortgage equity funds	FVTPL	FVTPL (mandatory)	252	252
Government bonds	FVTPL	FVTPL (mandatory)	1,526	1,543
Corporate bonds	FVTPL	FVTPL (mandatory)	1,386	1,386
Equities	FVTPL	FVTPL (mandatory)	6,504	6,486
Other investments	FVTPL	FVTPL (mandatory)	75	76
			9,912	**9,912**
Investments related to investment contracts				
Real estate equity funds	FVTPL	Not applicable	97	-
Government bonds	FVTPL	Not applicable	261	-
Corporate bonds	FVTPL	Not applicable	149	-
Equities	FVTPL	Not applicable	1,449	-
Other investments	FVTPL	Not applicable	44	-
			2,000	**-**
Derivatives assets	FVTPL	FVTPL (mandatory)	5,428	5,761
Other financial assets	Amortised Cost	Amortised Cost	669	247
Cash and cash equivalents	FVTPL	FVTPL (mandatory)	2,245	2,246
Total financial assets			**62,459**	**59,243**

Original measurement category and carrying amount under IAS 39 and the new measurement category and carrying amount under IFRS 9 as at 1 January 2023

(in € millions)	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount	New carrying amount
Financial liabilities				
Subordinated liabilities	Amortised cost	Amortised cost	1,980	2,005
Liabilities arising from investment contracts	FVTPL	Not applicable	2,000	-
Borrowings (excluding lease liabilities)	Amortised cost	Amortised cost	152	126
Due to customers	Amortised cost	Not applicable	471	-
Derivatives liabilities	FVTPL	FVTPL (mandatory)	5,523	5,681
Due to banks	Amortised cost	Amortised cost	2,262	2,264
Other financial liabilities	Amortised cost	Amortised cost	200	55
Total financial liabilities			**12,588**	**10,132**

Reconciliation of the carrying amount of financial assets under IAS 39 to IFRS 9 on 1 January 2023 - FVTPL

FVTPL	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Investments - transferred under repurchase agreements				
Government bonds				
brought forward	-			
reclassified from available for sale		432		
reclassified from other assets		5		
carried forward				437
Investments - own risk				
Real estate equity funds				
brought forward	4,105			
remeasurement			-14	
carried forward				4,092
Mortgage equity funds				
brought forward	684			
reclassified from available for sale		303		
remeasurement			21	
carried forward				1,008
Government bonds				
brought forward	-			
reclassified from available for sale		8,794		
reclassified from other assets		77		
carried forward				8,872
Corporate bonds				
brought forward	-			
reclassified from available for sale		7,188		
reclassified from other assets		85		
carried forward				7,272
Asset-backed securities				
brought forward	-			
reclassified from available for sale		416		
reclassified from other assets		2		
remeasurement			-4	
carried forward				413
Other investment funds				
brought forward	16			
reclassified from available for sale		1,596		
remeasurement			-7	
carried forward				1,605

Reconciliation of the carrying amount of financial assets under IAS 39 to IFRS 9 on 1 January 2023 - FVTPL

FVTPL	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Equities	67			67
Government and public sector loans				
brought forward	-			
reclassified from loans and receivables		221		
reclassified from other assets		2		
remeasurement			4	
carried forward				227
Mortgage loans				
brought forward	-			
reclassified from loans and receivables		10,366		
reclassified from other assets		22		
remeasurement			-1,314	
carried forward				9,074
Loans to credit institutions				
brought forward	-			
reclassified from loans and receivables		2,601		
reclassified from other assets		3		
reclassified to investments related to investment contracts		-27		
remeasurement			67	
carried forward				2,644
Other investments				
brought forward	-			
reclassified from loans and receivables		3,352		
reclassified from other assets		10		
remeasurement			-42	
carried forward				3,320
Investments related to direct participating insurance contracts	9,912			9,912
Investments related to investment contracts				
brought forward	2,000			
reclassified from loans and receivables		27		
reclassified from liabilities arising from investment contracts		-2,027		
carried forward				-
Derivatives assets				
brought forward	5,428			
reclassified from other assets		334		
carried forward				5,761

Reconciliation of the carrying amount of financial assets under IAS 39 to IFRS 9 on 1 January 2023 - FVTPL

FVTPL	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Cash and cash equivalents				
brought forward	2,245			
reclassified from other assets		1		
carried forward				2,246
Total FVTPL	**24,457**	**33,781**	**-1,289**	**56,950**

Reconciliation of the carrying amount of financial assets under IAS 39 to IFRS 9 on 1 January 2023 – FVOCI

FVOCI	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Investments				
Equities				
brought forward	-			
reclassified from available for sale		1,743		
carried forward				1,743
Preference shares				
brought forward	-			
reclassified from available for sale		289		
reclassified from other assets		8		
carried forward				297
Other participating contracts				
brought forward	-			
reclassified from available for sale		6		
carried forward				6
Total FVOCI	**-**	**2,046**	**-**	**2,046**

Reconciliation of the carrying amount of financial assets under IAS 39 to IFRS 9 on 1 January 2023 - Available for sale

Available for sale	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Investments				
brought forward	20,767			
reclassified to FVTPL		-18,728		
reclassified to FVOCI		-2,038		
carried forward				-
Total available for sale	**20,767**	**-20,767**	**-**	**-**

Reconciliation of the carrying amount of financial assets under IAS 39 to IFRS 9 on 1 January 2023 – Amortised cost

Amortised cost	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Loans and receivables				
brought forward	17,171			
reclassified to investments		-16,513		
reclassified to investments related to investment contracts		-27		
reclassified to other assets		-245		
reclassified to insurance contract liabilities		-323		
reclassified to reinsurance contract assets		-63		
carried forward				-
Other financial assets				
brought forward	669			
reclassified from loans and receivables		245		
reclassified to investments		-219		
reclassified to derivatives assets		-336		
reclassified to insurance contract liabilities		-50		
reclassified to other non-financial assets		-64		
carried forward				247
Total amortised cost	**17,840**	**-17,593**	**-**	**247**

Reconciliation of the carrying amount of financial liabilities under IAS 39 to IFRS 9 on 1 January 2023 - FVTPL

FVTPL	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Liabilities arising from investment contracts				
brought forward	2,000			
reclassified from due to customers		27		
reclassified to investments related to investment contracts		-2,027		
carried forward				-
Derivatives liabilities				
brought forward	5,523			
reclassified from other financial liabilities		159		
carried forward				5,681
Total FVTPL	**7,523**	**-1,842**	**-**	**5,681**

Reconciliation of the carrying amount of financial liabilities under IAS 39 to IFRS 9 on 1 January 2023 - Amortised cost

Amortised cost	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Subordinated liabilities				
brought forward	1,980			
reclassified from other financial liabilities		25		
carried forward				2,005
Borrowings (excluding lease liabilities)				
brought forward	152			
reclassified to other financial liabilities		-26		
carried forward				126
Due to customers				
brought forward	471			
reclassified to reinsurance contract assets		-2		
reclassified to insurance contract liabilities		-278		
reclassified to liabilities arising from direct participating insurance contracts		-103		
reclassified to liabilities arising from investment contracts		-27		
reclassified to other liabilities		-61		
carried forward				-
Due to banks				
brought forward	2,262			
reclassified from other financial liabilities		2		
carried forward				2,264
Other financial liabilities				
brought forward	200			
reclassified to insurance contract liabilities		-10		
reclassified to subordinated liabilities		-26		
reclassified to derivatives liabilities		-160		
reclassified to due to banks		-2		
reclassified from due to customers		27		
reclassified from borrowings		26		
carried forward				55
Total amortised cost	**5,065**	**-614**	**-**	**4,450**

The following table contains the reconciliation of the closing impairment allowance in accordance with IAS 39 as at 31 December 2022 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2023.

Reconciliation of the closing impairment allowance in accordance with IAS 39 as at 31 December 2022 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2023

Impairment of financial assets	31 December 2022 (IAS 39)	Reclassification	Remeasurement	1 January 2023 (IFRS 9)
Investments at FVTPL from available for sale	-227	-	227	-
Equities and similar investments at FVOCI from available for sale	-147	-	147	-
Loans and receivables	-71	27	44	-
Other assets	-	-4	-	-4
Total loss allowance	**-445**	**24**	**418**	**-4**

7.3.2 Other changes in presentations

The current presentation differs from last year's presentation in some aspects besides IFRS 17 and IFRS 9. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format, including related disclosures, to ensure comparability. These changes in presentation have no impact on net result nor equity.

In accordance with IFRS10 "Consolidated financial statements" definition of control and prompted by the acquisition of Aegon NL, a.s.r. has adopted a change in presentation and as such will no longer consolidate the fund investment contracts and related liabilities of the institution for occupational retirement provision (IORP) entities onto the statement of financial position. The adoption of this policy has no impact on a.s.r.'s past or future financial position, financial performance, or cash flows. The comparative figures have been restated accordingly.

7.3.3 Upcoming changes in published IFRS standards and interpretations, not yet effective in 2023

International Tax Reform – Pillar II Model rules (Amendments to IAS 12)

The EU Directive Pillar Two (which is implemented in the Netherlands as the "Wet minimumbelasting", and is effective for accounting periods beginning on or after 1 January 2024) apply to multinational enterprises and large scale domestic groups that have consolidated revenues (which, as defined by the OECD, include any form of income and are therefore not limited to revenue recognised in accordance with IFRS 15) of € 750 million in at least two out of the last four years. a.s.r. operates in the Netherlands as a large scale domestic group and expects to be subject to the top-up tax in relation to its operations in the Netherlands, where the statutory tax rate is 25.8%. If the top-up tax had applied in 2023, the profits relating to a.s.r.'s operations in the Netherlands for the year ended 31 December 2023 would not be subject to it, as the average effective tax rate applicable to these profits exceeds the 15% minimum effective tax rate.

a.s.r. has determined that the top-up tax (which it is required to pay under the Wet minimumbelasting), the relief from deferred tax accounting for Pillar II, is an income tax in the scope of IAS 12. a.s.r. has applied the temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

7.3.4 Key accounting policies

A. Estimates and assumptions

The preparation of the financial statements requires a.s.r. to make estimates, assumptions and judgements in applying accounting policies that have an effect on the reported amounts in the financial statements. These relate primarily to the following:

- The fair value and impairments of unlisted financial instruments (see accounting policy B and E);
- The estimated useful life, residual value and fair value of property, plant and equipment, investment property, and intangible assets (see accounting policy C, D and O);
- The measurement of insurance contract liabilities and liabilities arising from direct participating insurance contracts (see chapter 7.5.13.3);
- Actuarial assumptions used for measuring employee benefit obligations (see chapter 7.5.15);
- When forming provisions, the required estimate of existing obligations arising from past events (see chapter 7.5.16);
- The recoverable amount of impaired assets (see accounting policy B and E);
- The fair value used to determine the net asset value in acquisitions (see chapter 7.4.5).

The estimates and assumptions are based on management's best knowledge of current facts, actions and events. The actual outcomes may ultimately differ from the results reported earlier on the basis of estimates and assumptions. A detailed explanation of the estimates and assumptions are given in the relevant notes to the consolidated financial statements.

As from the date of the Aegon NL business combination, harmonisation of assumptions and methods between Aegon NL and a.s.r. has started or is planned. The harmonisation is expected to continue the coming years. The future expected synergies as a result of the Aegon NL business combination are expected to be included in future changes to the expense assumption once they are locked-in through the progress of the integration.

B. Fair value of assets and liabilities

The fair value is the price that a.s.r. would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants on the transaction date or reporting date in the principal market for the asset or liability, or in the most advantageous market for the asset or liability and assuming the highest and best use for non-financial assets. Where possible, a.s.r. determines the fair value of assets and liabilities on the basis of quoted prices in an active market. In the absence of an active market for a financial instrument, the fair value is determined using valuation techniques. Although valuation techniques are based on observable market data where possible, results are affected by the assumptions used, such as discount rates and estimates of future cash flows. In the unlikely event that the fair value of a financial instrument cannot be measured, it is carried at cost.

Fair value hierarchy

The following three hierarchical levels are used to determine the fair value of financial instruments and non-financial instruments when accounting for assets and liabilities at fair value and disclosing the comparative fair value of assets and liabilities:

Level 1. Fair value based on quoted prices in an active market

Level 1 includes assets and liabilities whose value is determined by quoted (unadjusted) prices in the primary active market for identical assets or liabilities.

A financial instrument is quoted in an active market if:

- Quoted prices are readily and regularly available (from an exchange, dealer, broker, sector organisation, third party pricing service, or a regulatory body); and
- These prices represent actual and regularly occurring transactions on an arm's length basis.

Financial instruments in this category primarily consist of bonds and equities listed in active markets. Cash and cash equivalents, reverse repurchase agreements and cash collateral received are also included as level 1.

Level 2. Fair value based on observable market data

Determining fair value on the basis of Level 2 involves the use of valuation techniques that use inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices of identical or similar assets and liabilities). These observable inputs are obtained from a broker or third party pricing service and include:

- Quoted prices in active markets for similar (not identical) assets or liabilities;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Input variables other than quoted prices observable for the asset or liability. These include interest rates and yield curves observable at commonly quoted intervals, volatility, loss ratio, credit risks and default percentages.

This category primarily includes:

I. Financial instruments: unlisted fixed-interest preference shares and interest rate contracts;
II. Financial instruments: loans (excluding mortgage loans, reverse repurchase agreements and cash collateral received);
III. Other financial assets and liabilities.[1]

I. Financial instruments: unlisted fixed-interest preference shares and interest rate contracts

This category includes unlisted fixed-interest preference shares and interest rate contracts. The valuation techniques for financial instruments use present value calculations and in the case of derivatives, include forward pricing and swap models. The observable market data contains yield curves based on company ratings and characteristics of the unlisted fixed-interest preference shares.

1 Not measured at fair value on the balance sheet and for which the fair value is disclosed.

II. Financial instruments: Loans (excluding mortgage loans, reverse repurchase agreements and cash collateral received)
The fair value of the loans is based on the discounted cash flow method. It is obtained by calculating the present value based on expected future cash flows and assuming an interest rate curve used in the market that includes an additional spread based on the risk profile of the counterparty.

III. Other financial assets and liabilities
For other financial assets and liabilities where the fair value is disclosed these fair values are based on observable market inputs, primarily being the price paid to acquire the asset or received to assume the liability on initial recognition, assuming that the transactions have taken place on an arm's length basis. Valuation techniques using present value calculations are applied using current interest rates where the payment terms are longer than one year.

Level 3. Fair value not based on observable market data
The fair value of the level 3 assets and liabilities are determined in whole or in part using a valuation technique based on assumptions that are not supported by prices from observable current market transactions in the same instrument and for which any significant inputs are not based on available observable market data. The financial assets and liabilities in this category are assessed individually.

Valuation techniques are used to the extent that observable inputs are not available. The basic principle of fair value measurement is still to determine a fair, arm's length price. Unobservable inputs therefore reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are generally based on the available observable data (adjusted for factors that contribute towards the value of the asset) and own source information.

This category primarily includes:

I. Financial instruments: private equity investments (or private equity partners) and equity funds third parties directly investing in real estate;
II. Financial instruments: mortgage loans and mortgage equity funds;
III. Investment property, real estate equity funds associates, rural property contracts, buildings for own use and plant (e.g. wind farms);
IV. Financial instruments: asset-backed securities.

I. Financial instruments: private equity investments and real estate equity funds third parties
The main non-observable market input for private equity investments and equity funds third parties directly investing in real estate is the net asset value of the investment as published by the private equity company (or partner) and real estate equity funds respectively.

II. Financial instruments: mortgage loans and mortgage equity funds
The fair value of the mortgage loan portfolio is based on the discounted cash flow method. It is obtained by calculating the present value based on expected future cash flows and assuming an interest rate curve used in the market that includes an additional spread based on the risk profile of the counterparty.

The valuation method used to determine the fair value of the mortgage loan portfolio derives the spread from consumer rates and includes assumptions for originating cost and risks. The method of determining the fair value of the mortgage equity funds is similar to that of mortgage loans.

III. Investment property, real estate equity funds associates, rural property contracts, buildings for own use and plant
The following categories of investment properties, buildings for own use and plant is recognised and methods of calculating fair value are distinguished:

- Residential – based on reference transaction and discounted cash flow method;
- Retail – based on reference transaction and income capitalisation method;
- Rural – based on reference transaction and discounted cash flow method;
- Offices – based on reference transaction and discounted cash flow method (including buildings for own use);
- Other investment property – based on reference transaction and discounted cash flow method;
- Property under development – based on both discounted cash flow and income capitalisation method;
- Plant - based on reference transaction and discounted cash flow method.

The following valuation methods are available for the calculation of fair value by the external professional appraisers for investment property, including real estate equity funds associates, rural property contracts, buildings for own use and plant:

Reference transactions
Independent professional appraisers use transactions in comparable properties and plant as a reference for determining the fair value of the property and plant. The reference transactions of comparable objects are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch government 'grondprijsmonitor' in an active property market and in some instances accompanied by own use information.

The external professional appraisers valuate the property or plant using the reference transaction in combination with the following valuation methods to ensure the appropriate valuation of the property:

- Discounted cash flow method;
- Income capitalisation method (property only).

Discounted cash flow method
Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on the investment property or plant dependent on the duration of the lease contracts.

A market-derived discount rate is applied to these projected cash flow series in order to establish the present value of the cash flows associated with the asset. The exit yield is normally determined separately, and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour, which depends on the class of investment property. Periodic cash flow is typically estimated as gross rental income less vacancy (apart from the rural category), non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

For the categories residential, offices and other in applying the discounted cash flow method, the significant inputs are the discount rate and market rental value. These inputs are verified with the following market observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):

- Market rent per square meter for renewals and their respective re-letting rates;
- Reviewed rent per square meter;
- Investment transactions of comparable objects;
- 10 Year Dutch Government Bond Yield (%) as published by the DNB.

When applying the discounted cash flow method for rural valuations, the significant inputs are the discount rate and market lease values. These inputs are verified with the following market observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):

- Market value per acre per region in accordance with the 'rural land price monitor';
- 10 Year Dutch Government Bond Yield (%) as published by the DNB.

Income capitalisation method

Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return). The difference between gross and net rental income includes the same expense categories as those for the discounted cash flow method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease-up costs. Under the income capitalisation method, rents above or below the market rent are capitalised separately.

The significant inputs for retail valuations are the reversionary yield and the market or reviewed rental value. These inputs are generally verified with the following observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):

- Market rent per square meter for renewals;
- Reviewed rent per square meter (based on the rent reviews performed in accordance with Section 303, Book 7 of the Dutch Civil Code).

The fair value of investment properties and buildings for own use, are appraised annually. Valuations are conducted by independent professional appraisers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the property being valued. Market value property valuations were prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, 7th Edition (the 'Red Book'). a.s.r. provides adequate information to the professional appraisers, in order to conduct a comprehensive valuation. The professional appraisers are changed or rotated at least once every three years.

IV. Financial instruments: asset-backed securities

The fair value of the asset-backed securities is based on quotes published by an independent data vendor.

Transfers between levels

The hierarchical level per individual instrument, or group of instruments, is reassessed at every reporting period. If the instrument, or group of instruments, no longer complies with the criteria of the level in question, it is transferred to the hierarchical level that does meet the criteria. A transfer can for instance be when the market becomes less liquid or when quoted market prices for the instrument are no longer available.

C. Intangible assets

Intangible assets are carried at cost, less any accumulated amortisation and impairment losses. The residual value and the estimated useful life of intangible assets are assessed on each balance sheet date and adjusted where applicable.

Goodwill

Acquisitions by a.s.r. are accounted for using the acquisition method. Goodwill represents the excess of the cost of an acquisition over the fair value of a.s.r.'s share of the net identifiable assets and liabilities and contingent liabilities of the acquired company at acquisition date. If there is no excess (purchase gain), the carrying amount is directly recognised through the income statement. At the acquisition date, goodwill is allocated to the cash-generating units (CGUs) that are expected to benefit from the business combination.

Goodwill has an indefinite useful life and is not amortised. a.s.r. performs an impairment test annually, or more frequently if events or circumstances warrant so, to ascertain whether goodwill has been subject to impairment. As part of this, the carrying amount of the cash-generating unit to which the goodwill has been allocated is compared with its recoverable amount. The recoverable amount is the higher of a CGU's fair value less costs to sell and value in use. The carrying value is determined as the net asset value including goodwill. The methodologies applied to arrive at the best estimate of the recoverable amount involves two steps.

In the first step of the impairment test, the best estimate of the recoverable amount of the CGU to which goodwill is allocated is determined separately based on Price to Earnings or Price to EBITDA ratios (fair value less cost to sell model). The ratio(s) used per CGU depends on the characteristics of the entity in question. The main assumptions in this valuation are the multiples for the aforementioned ratios. These are developed internally but are either derived from or corroborated against market information that is related to observable transactions in the market for comparable businesses.

If the outcome of the first step indicates that the difference between the recoverable amount and the carrying value may not be sufficient to support the amount of goodwill allocated to the CGU, step two is performed. In step two an additional analysis is performed in order to determine a recoverable amount in a manner that better addresses the specific characteristics of the relevant CGU.

The additional analysis is based on internal value-in-use models, wherein managements assumptions in relation to cash flow projections for budget periods up to and including five years are used and, if deemed justified, expanded to a longer period given the nature of the insurance activities. Other assumptions, such as the (pre-tax) discount rate and the steady state growth rate, are determined on the advice of an independent external party and are based on a Capital Asset Pricing Model (CAPM). This methodology is based on a risk-free rate plus a risk premium. Operating assumptions are best estimate assumptions and based on historical data where available. Economic assumptions are based on observable market data and projections of future trends.

If the recoverable amount is lower than its carrying amount, the difference is directly charged to the income statement as an impairment loss.

In the event of impairment, a.s.r. first reduces the carrying amount of the goodwill allocated to the CGU. After that, the carrying amount of the other assets included in the unit is reduced pro rata to the carrying amount of all the assets in the unit.

D. Investment property

Investment property is property held to earn rent or for capital appreciation or both. Property interests held under operating leases are classified and accounted for as investment property. In some cases, a.s.r. is the owner-occupier of investment properties. If owner-occupied properties cannot be sold separately, they are treated as investment property only if a.s.r. holds an insignificant portion for use in the supply of services or for administrative purposes. Property held for own uses (owner-occupied) is recognised within property, plant and equipment.

Investment property is primarily recognised using the fair value model. After initial recognition, a.s.r. remeasures all of its investment property (see accounting policy B) whereby any gain or loss arising from a change in the fair value of the specific investment property is recognised in the income statement under fair value gains and losses.

Residential property is generally let for an indefinite period. Other investment property is let for defined periods under leases that cannot be terminated early. Some contracts contain renewal options. Rentals are accounted for as investment income in the period to which they relate.

If there is a change in the designation of property, it can lead to:

- Reclassification from property, plant and equipment to investment property: at the end of the period of owner-occupation or at inception of an operating lease with a third party; or
- Reclassification from investment property to property, plant and equipment: at the commencement of owner-occupation or at the start of developments initiated with a view to selling the property to a third party.

The following categories of investment property are recognised by a.s.r. based primarily on the techniques used in determining the fair value of the investment property:

- Retail;
- Residential;
- Rural;
- Offices;
- Other (consisting primarily of parking);
- Investment property under development.

Property under development for future use as investment property is recognised as investment property. The valuation of investment property takes (expected) vacancies into account.

Borrowing costs directly attributable to the acquisition or development of an asset are capitalised and are part of the cost of that asset. Borrowing costs are capitalised when the following conditions are met:

- Expenditures for the asset and borrowing costs are incurred; and
- Activities are undertaken that are necessary to prepare an asset for its intended use.

Borrowing costs are no longer capitalised when the asset is ready for use or sale. If the development of assets is interrupted for a longer period, capitalisation of borrowing costs is suspended. If the construction is completed in stages and each part of an asset can be used separately, the borrowing costs for each part that reaches completion are no longer capitalised.

E. Financial assets and financial liabilities

a.s.r. has chosen to restate the comparative figures for financial assets and liabilities in line with IFRS 9 and the classification overlay approach in accordance with the amendment to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information. This option results in more useful comparative information.

Recognition and initial measurement

a.s.r. recognises deposits and loans and borrowings on the date on which they originate. All other financial instruments are recognised at the transaction date, which is the date on which a.s.r. becomes party to the contractual stipulations of the instrument.

Financial assets or financial liabilities are initially measured at fair value plus, for a financial asset or financial liability not measured at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

When a.s.r. becomes party to a financial asset contract, the related assets are classified into one of the following categories:

- Amortised cost;
- Financial assets at fair value through other comprehensive income (FVOCI); or
- Financial assets at fair value through profit or loss (FVTPL).

The classification of the financial assets is determined at initial recognition. The classification and measurement of certain financial assets (debt instruments) is based on a.s.r.'s business models in which a financial asset is managed, and its contractual cash flow characteristics. For detailed information on the fair value of the financial assets see accounting policy B.

Financial assets at amortised cost

A financial asset (debt instrument) can be measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This is known as the SPPI test.

Debt instruments at amortised cost include mortgage loans and private loans held by Aegon Bank N.V. (Knab) and Aegon Hypotheken B.V. (Aegon hypotheken).

Financial assets that are designated as hedged items are measured in accordance with the requirements for hedge accounting.

Financial assets at FVOCI
Financial assets at FVOCI can be divided into debt instruments and equity instruments.

A debt instrument can be measured at FVOCI if it meets both the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVOCI are measured at fair value. Unrealised fair value gains and losses are recognised in other comprehensive income, and are subsequently reclassified to profit or loss when realised. Interest income is recognised in profit or loss using the effective interest rate. Debt instruments at FVOCI are subject to the impairment requirements.

a.s.r. has only classified the bonds portfolio held by Knab and Aegon hypotheken at FVOCI.

Equity instruments are measured at FVOCI if they are not held for trading and are not designated as at FVTPL. There is no subsequent recycling of fair value gains and losses to profit or loss following the derecognition of the investment if elected to measure the equity investments as FVOCI.

a.s.r. classifies its equity instruments at FVOCI to reduce volatility in the income statement.

Financial assets at FVTPL
All financial assets not classified as measured at amortised cost or FVOCI, as described above, are measured at FVTPL.

Financial assets at FVTPL include:

- Derivatives that do not qualify for hedge accounting;
- Financial assets that are managed and whose performance is evaluated on a fair value basis, such as:
  - Debt instruments for which a.s.r. has identified the business model Other;
  - Investments related to direct participating contracts;
  - Financial assets held for trading;
- Associates for which a.s.r. elects to measure at FVTPL under IFRS 9.

Hedge accounting (see also risk management section in chapter 7.8)
To qualify for hedge accounting, the hedge relationship is designated and formally documented at inception, detailing the particular risk management objective and strategy for the hedge (which includes the item and risk that is being hedged), the derivative that is being used and how hedge effectiveness is being assessed. A derivative has to be effective in accomplishing the objective of offsetting either changes in fair value or cash flows for the risk being hedged. The effectiveness of the hedging relationship is evaluated on a prospective and retrospective basis using qualitative and quantitative measures of correlation. A hedging relationship is considered effective if the results of the hedging instrument are within a ratio of 80% to 125% of the results of the hedged item. a.s.r. has elected to continue to apply the hedge accounting requirements of IAS 39 for macro fair value hedges (EU 'carve out') on adoption of IFRS 9.

As part of its asset liability management, a.s.r. enters into economic hedges to limit its risk exposure at Knab and Aegon hypotheken. These transactions are assessed to determine whether hedge accounting can and should be applied. a.s.r. currently applies hedge accounting for fair value hedges.

Fair value hedges
a.s.r. applies fair value hedge accounting to portfolio hedges of interest rate risk (fair value macro hedging) under the EU 'carve out' of EU-IFRS. The EU 'carve out' macro hedging enables a group of derivatives (or proportions thereof) to be viewed in combination and jointly designated as the hedging instrument and removes some of the limitations in fair value hedge accounting. Under the EU 'carve out', ineffectiveness in fair value hedge accounting only arises when the revised projection of the amount of cash flows in scheduled time buckets falls below the designated amount of that bucket. a.s.r. applies fair value hedge accounting for portfolio hedges of interest rate risk (macro hedging) under the EU 'carve out' to mortgage loans. Changes in the fair value of the derivatives are recognised in the income statement, together with the fair value adjustment on the mortgage loans (hedged items) insofar as attributable to interest rate risk (the hedged risk). If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative adjustment of the hedged item is, in the case of interest bearing instruments, amortised through the income statement over the remaining term of the original hedge or recognised directly when the hedged item is derecognised.

Knab and Aegon hypotheken hold portfolios of long-term fixed rate mortgages and therefore are exposed to changes in fair value due to movements in market interest rates. Knab and Aegon hypotheken manage this risk exposure by entering into pay fixed/receive floating interest rate swaps.

Only the interest rate risk element is hedged and therefore other risks, such as credit risk, are managed but not hedged by Knab and Aegon hypotheken. This hedging strategy is applied to the portion of exposure that is not naturally offset against matching positions held by Knab and Aegon hypotheken. Changes in fair value of the long-term fixed rate mortgages arising from changes in interest rate are usually the largest component of the overall change in fair value. This strategy is designated as a fair value hedge and its effectiveness is assessed by comparing changes in the fair value of the loans attributable to changes in the benchmark rate of interest with changes in the fair value of the interest rate swaps.

Knab and Aegon hypotheken establish the hedging ratio by matching the notional of the derivatives with the principal of the portfolio being hedged. Possible sources of ineffectiveness are as follows:

- Differences between the expected and actual volume of prepayments, as Knab and Aegon hypotheken hedge to the expected repayment date taking into account expected prepayments based on past experience;
- Difference in the discounting between the hedged item and the hedging instrument, as cash collateralised interest rate swaps are discounted using Overnight Indexed Swaps (OIS) discount curves, which are not applied to the fixed rate mortgages;
- Hedging derivatives with a non-zero fair value at the date of initial designation as a hedging instrument; and
- Counterparty credit risk which impacts the fair value of uncollateralised interest rate swaps but not the hedged items.

Knab and Aegon hypotheken manage the interest rate risk arising from fixed rate mortgages by entering into interest rate swaps on a monthly basis. The exposure from these portfolios frequently changes due to new loans originated, contractual repayments and early prepayments made by customers in each period. As a result, Knab and Aegon hypotheken adopt a dynamic hedging strategy (sometime referred to as a 'macro' or 'portfolio' hedge) to hedge the exposure profile by closing and entering into new swap agreements at each month-end. Knab and Aegon hypotheken use the portfolio fair value hedge of interest rate risk to recognise fair value changes related to changes in interest rate risk in the mortgage portfolio, and therefore reduce the profit or loss volatility that would otherwise arise from changes in fair value of the interest rate swaps alone.

Accrued interest
In line with Solvency II reporting a.s.r. accounts for debt instruments at their "dirty" fair value, thus including any related accrued interest.

Business model assessment
The business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. a.s.r.'s business models refer to how a.s.r. manages its financial assets in order to generate cash flows.

a.s.r. identifies the business model Hold to Collect for the mortgage loans and private loans held by Knab and Aegon hypotheken and for its other financial assets, and identifies the business model Held to Collect & Sell for the bonds portfolio held by Knab. All other debt instruments are mandatorily designated as at FVTPL (business model Other).

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)
For the purpose of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs), as well as a profit margin that is consistent with a basic lending arrangement. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

a.s.r. assesses the SPPI for the loans and bonds portfolio held by Knab and Aegon hypotheken and for its other financial assets. All other debt instruments are mandatorily designated as at FVTPL (business model Other).

Subsequent measurement and gains and losses
Financial assets at amortised cost
Financial assets at amortised cost are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial assets at FVOCI
Equity investments at FVOCI are measured at fair value. All fair value gains and losses are recorded in OCI, without recycling to profit or loss. Dividends from such investments continue to be recognised in profit or loss as Investment income when a.s.r.'s right to receive payments is established. Impairment requirements are not applicable to equity investments measured as FVOCI.

Financial assets at FVTPL
Financial assets at FVTPL are measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss. Impairment requirements are not applicable to financial assets measured at FVTPL.

See accounting policy V3.

Financial liabilities
Classification
a.s.r. classifies its liabilities into one of the following categories:

- financial liabilities at FVTPL (derivatives); or
- financial liabilities at amortised cost (all other financial liabilities).

Subsequent measurement and gains and losses
Financial liabilities at FVTPL
Financial liabilities at FVTPL are measured at fair value. Net gains and losses, including any interest expenses and foreign exchange gains and losses, are recognised in profit or loss.

Financial liabilities at amortised cost
Financial liabilities at amortised cost are measured at amortised cost using the effective interest method. Interest expenses, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Accrued interest
In line with Solvency II reporting a.s.r. accounts for financial liabilities at their "dirty" fair value, thus including any related accrued interest.

Interest on financial liabilities

Interest expenses are calculated by applying the effective interest rate to the amortised cost of the liability. When calculating the effective interest rate, a.s.r. estimates future cash flows considering all contractual terms of the liability.

Derivatives including embedded derivatives

Derivatives within the insurance entities are primarily used by a.s.r. for hedging interest rate and exchange rate risks, for hedging future transactions and the exposure to market risks.

These derivatives are classified as held-for-trading. Derivatives are measured at fair value with changes in fair value recognised in profit or loss. Derivatives may be embedded in another contractual arrangement (a host contract).

For contracts where the host contract is a financial asset in the scope of IFRS 9, the hybrid financial instrument as a whole is assessed for classification and the embedded derivative is not separated from the host contract.

A derivative embedded in a host insurance or reinsurance contract is not accounted for separately from the host contract if the embedded derivate itself meets the definition of an insurance or reinsurance contract.

For other contracts, a.s.r. accounts for an embedded derivative separately from the host contract when:

- the hybrid contract is not measured at FVTPL;
- the terms of the embedded derivative would have met the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

Impairments in the P&L

a.s.r. recognises loss allowances for ECL on debt instruments measured at amortised cost or FVOCI. a.s.r. uses the low credit risk simplification for investment grade debt instruments and recognises a lifetime ECL for other financial assets using the simplified approach. Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to a.s.r. in accordance with the contract and the cash flows that a.s.r. expects to receive). The maximum period considered when estimating ECLs is the maximum contractual period over which a.s.r. is exposed to credit risk.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when a.s.r. determines that the borrower does not have assets or resources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with a.s.r.'s procedures for recovery of amounts due. Should amounts be recovered these are then recognised when the payment has been received.

Derecognition and contract modification

Financial assets

a.s.r. derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which a.s.r. neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the income statement, unless the financial asset is an equity instrument and is measured at fair value through other comprehensive income. For these instruments any revaluation amount is transferred within equity from unrealised gains and losses to retained earnings.

a.s.r. enters into transactions whereby it transfers assets recognised in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised. Examples of such transactions are repurchase agreements, securities lending and reverse repurchase agreements. The asset recognised for cash collateral paid on reverse repurchase agreements is presented under investments. The liability recognised for cash collateral received on repurchase agreements is presented under the line item due to banks.

In transactions in which a.s.r. neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, a.s.r. continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

If the terms of a financial asset are modified, then a.s.r. evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If a financial asset measured at amortised cost is modified but not substantially, then the financial asset is not derecognised. If the asset has not been derecognised, then a.s.r. recalculates the gross carrying amount of the financial asset by discounting the modified contractual cash flows at the original effective interest rate and recognises the resulting adjustment to the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses; in other cases, it is presented as interest revenue.

Financial liabilities

a.s.r. generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. a.s.r. also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different (i.e. the net present value of the of the cash flows under the new terms discounted at the original effective interest rate is at least 10% different from the discounted present value of the remaining cash flows of the original debt instrument), in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

If a financial liability measured at amortised cost is not substantially modified, then it is not derecognised. For such financial liabilities, a.s.r. recalculates the amortised cost of the financial liability by discounting the modified contractual cash flows at the original effective interest rate and recognises any resulting adjustment to the amortised cost as a modification gain or loss in 'other finance expenses' in profit or loss. Any costs and fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

F1. Insurance contracts

Classification

Insurance contracts issued by a.s.r. are contracts that transfer significant insurance risks, and in some cases also financial risk, from the policyholder to a.s.r. Contracts measured using the GMM or PAA are classified on the balance sheet as insurance contract liabilities and contracts measured using the VFA are classified as liabilities arising from direct participating insurance contracts.

a.s.r. offers non-life insurance contracts and life insurance contracts as shown in the table below.

Measurement model applied

Segment	Product	Measurement model applied
Non-life	P&C	GMM or PAA
	Disability	GMM
	Health	PAA
Life	Life individual	GMM or VFA
	Pension	GMM or VFA
	Funeral	GMM

Insurance contract liabilities

Non-life insurance contracts

Non-life insurance contracts are contracts that provide cover that is not related to the life or death of insured persons. These insurance contracts are primarily classified into the following categories: Disability, Health, P&C (motor, fire and liability).

Life insurance contracts

The segment Life includes: annuities, term insurance policies, savings contracts and funeral insurance contracts. In addition to non-participating life insurance contracts, the insurance portfolio also includes:

- Individual and group participating contracts;
- Individual contracts with discretionary participation features;
- Group contracts with segregated pools with returns based on investment guarantees.

Life insurance contracts with participation features are included within the Life segment. Under these contracts, policyholders are assigned, in addition to their entitlement to a guaranteed element, an entitlement to potentially significant additional benefits whose amount or timing is contractually at the discretion of a.s.r. These additional benefits are based on the performance of a specified pool of investments held by a.s.r. or on the issuer's operational result.

Liabilities arising from direct participating insurance contracts.

a.s.r. classifies an insurance contract as a direct participating contract for which at inception the following criteria are met:

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

Life insurance contracts with direct participating features are included within the Life segment and mainly concern unit-linked contracts and group pension contracts, with policyholders bearing the investment risk. An investment unit is a share in an investment fund that a.s.r. acquires on behalf of the policyholders using net premiums paid by the policyholders. The cash flow upon maturity of the contract is equal to the value of the investment units of the fund in question.

Contracts that meet the requirements of a direct participating contract are measured using the variable fee approach.

Separating components

Currently a.s.r. does not separate any components from its insurance contracts.

Non-distinct investment components are identified for products where under all circumstances a payment will be made to the policyholder. These are generally recognised for GMM as the surrender value of the funeral insurance and as the savings account related to the mortgage savings insurance. For VFA policies the non-distinct investment component is the investment fund value and if applicable determined gross or net of surrender charges depending on product type.

Level of aggregation

Insurance contracts are aggregated into groups for measurement purposes. a.s.r. identifies portfolios of insurance contracts comprising contracts subject to similar risks and managed together. Each portfolio is then divided into cohorts of contracts issued within a maximum of one year and divided into two groups based on the profitability buckets for:

- any contracts that are onerous on initial recognition; and
- any remaining contracts in the portfolio.

The profitability bucket for contracts that have no significant possibility of becoming onerous subsequently is currently not used by a.s.r.

Similar risks managed together are generally based on the homogeneous risk groups similar to those used in Solvency II at inception, more or less granularity is applied where applicable. Contracts within a portfolio that would fall into different groups only because law or regulation specifically constraints a.s.r.'s practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. This applies to contracts issued in Europe that are required by EU regulation to be priced on a gender-neutral basis.

The resulting groups represent the level at which the recognition and measurement accounting policies are applied. The groups are established on initial recognition and their composition is not subsequently reassessed.

Whether a contract is onerous or not is a policy (test) which is set per business. Part of this policy will be pricing and thresholds and forward looking metrics available within a.s.r. The test is performed based on the contracts which are issued in any specific calendar year and are grouped according to the similar risks managed together criteria as described above. The test is generally performed on a set of contracts using reasonable and supportable information, considering that the outcome would be the same had the individual policy assessment been performed.

Recognition

a.s.r. recognises a group of insurance contracts issued from the earliest of:

- the beginning of the coverage period of the group of contracts. The coverage period is the period during which a.s.r. provides services (insurance services, investment-return services or investment-related services) in respect of all premiums within the boundary of the insurance contract;
- the date when the first payment from a policyholder in the group becomes due. If there is no contractual due date, then it is considered to be the date when the first payment is received from the policyholder; or
- the date when facts and circumstances indicate that the contract is onerous.

Insurance contracts acquired in a (portfolio) transfer or a business combination are recognised on the date of acquisition.

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

Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which a.s.r. can compel the policyholder to pay premiums or has a substantive obligation to provide services.

A substantive obligation to provide services ends when:

- a.s.r. has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- a.s.r. has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio; and the pricing of the premiums for coverage up to the reassessment date does not consider risks that relate to periods after the reassessment date.

For individual contracts with discretionary features the contract boundary is defined so that cash flows are within the contract boundary if they result from a substantive obligation of a.s.r. to deliver cash at a present or future date.

The contract boundary is reassessed at each reporting period and more frequently if and when product characteristics and/or conditions fundamentally change and, therefore, may change over time.

Measurement

a.s.r. uses the following measurement models:

- the general measurement model (GMM);
- the variable fee approach (VFA) for contracts with a direct participating feature; and
- the premium allocation approach (PAA) which is a simplified version of the GMM and is used mainly for short-duration contracts.

Measurement – contracts measured under the GMM

Initial measurement

On initial recognition, a.s.r. measures a group of insurance contracts as the total of:

- the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risk and the risk adjustment for non-financial risk (RA); and
- the CSM.

The measurement of the fulfilment cash flows of a group of insurance contracts does not reflect non-performance risk of a.s.r. It is the net present value of the projected cash flows of benefits and expenses, less the net present value of premiums, adjusted for the risk adjustment. These cash flows are estimated using realistic, "best estimate", assumptions in relation to mortality, longevity, disability, lapse rate, expense and inflation. The best estimate assumptions regarding mortality and longevity include recent trend assumptions for life expectancy in the Netherlands, as provided by the Dutch Actuarial Association. The best estimate includes the intrinsic value and the time value of options and guarantees (TVOG: Time Value of Financial Options and Guarantees) and is calculated using stochastic techniques.

Where applicable, the direct or discretionary participating features of the insurance contracts, such as profit sharing, and any guaranteed benefits at maturity are considered in the future cash flows. The cash flows are discounted using the base curve being the Solvency II curve (including the VA), published by EIOPA excluding the UFR of 3,45% in 2023 (2022: 3.45%). a.s.r. uses an UFR of 3,40% in 2023 (2022: 3.45%) for the construction of the curve from the first smoothing point (FSP).

Insurance pre-acquisition cash flows that a.s.r. pays before the related group of contracts is recognised (i.e. for renewals of insurance contracts or insurance contracts recognised in the following period), are presented as an asset under the insurance contract liabilities. When the group of contracts is recognised, these cash flows are included by way of expected acquisition cash flows in the measurement of the group and the previously recognised asset is transferred and included as part of expected acquisition cash flows initially recognised in the insurance liability. The insurance pre-acquisition cash flow asset is reassessed for a possible impairment trigger at each reporting date.

The risk adjustment for a group of insurance contracts is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

a.s.r. disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. See chapter 7.5.13.3.

The CSM of a group of insurance contracts represents the unearned profit that a.s.r. will recognise as it provides service under those contracts. On initial recognition of a group of insurance contracts, if the total fulfilment cash flows allocated to the contract, any previously recognised insurance acquisition cash flows and any cash flows arising from the contract at the date of initial recognition is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

For groups of contracts acquired, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. For business combinations see accounting policy I.

If the total of the fulfilment cash flows is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in the income statement, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created as part of the insurance liabilities to depict any losses recognised in the income statement, which determines the amounts that are subsequently presented in the income statement as reversals of losses on onerous groups.

Subsequent measurement
The carrying amount of a group of insurance contract liabilities at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises:

- the fulfilment cash flows that relate to services that will be provided under the contracts in future periods including the risk adjustment; and
- any remaining CSM at that date.

The liability for incurred claims comprises the fulfilment cash flows for incurred claims and attributable expenses that have not yet been paid, including claims that have been incurred but not yet reported, and the handling of the payments to policyholders. For the contracts in the Non-life segment this concerns all future payments related to the incurred claim (the LIC option), whereas for contracts in the Life segment this concerns the amounts payable for the period (LRC option).

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

- Changes relating to future services are adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous);
- Changes relating to current or past services are recognised in the insurance service result in the income statement;
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows and risk adjustment for non-financial risk are recognised as insurance finance income or expenses.

The CSM of each group of contracts is subsequently calculated at each reporting date.

The carrying amount of the CSM at the end of each reporting period is the carrying amount at the start of the reporting period, adjusted for:

- The CSM of any new contracts that are added to the group in the period;
- Interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- Changes in fulfilment cash flows that relate to future services, except to the extent that:
  - Any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in the income statement and creates a loss component; or
  - Any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss; and
- The amount recognised as insurance contract revenue due to the services provided in the period.

Changes in fulfilment cash flows that relate to future services comprise:

- Experience adjustments arising from premiums received in the period that relate to future services and related cash flows, measured at the discount rates determined on initial recognition and non-distinct investment components;
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that relate to the effects of the time value of money, financial risk and changes therein; and

- Changes in the risk adjustment for non-financial risk that relate to future services.

CSM is recognised as revenue following the services provided. This is generally on a straight-line basis over the expected coverage period (taking into account contract terms and lapse assumptions) on an individual insurance contract basis.

Changes in discretionary cash flows are regarded as relating to future services and accordingly adjust the CSM. a.s.r. allocates the CSM to each period based on the passage of time as the service (insurance services and investment-return services) is deemed to be delivered equally over the coverage period.

To determine whether changes in cash flows are deemed to be changes in discretionary cash flows, a.s.r. exercises judgement in specifying at inception what is regarded as their commitment under the contract. How a.s.r. specifies its commitment under the contract will determine how much of the changes in expected future cash flows will be reflected immediately in profit or loss or will adjust CSM.

Measurement – contracts measured under the VFA
The VFA measurement model is used for direct participating contracts. This measurement model is identical to the GMM at initial recognition, however, subsequent measurement differs from the GMM.

Direct participating insurance contracts are contracts under which a.s.r.'s obligation to the policyholder is the net of:

- The obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- A variable fee in exchange for future services provided by the contracts, being a.s.r.'s share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. a.s.r. provides investment-related services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, a.s.r. adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in the income statement. a.s.r. then adjusts any CSM for changes in the a.s.r.'s share of the fair value of the underlying items, which relates to future services, as explained below.

Subsequent measurement
The carrying amount of the CSM at the end of each reporting period is the carrying amount at the start of the reporting period, adjusted for:

- The CSM of any new contracts that are added to the group in the period;
- a.s.r.'s share of the change in the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a.s.r. has chosen to exclude from the CSM changes in the effect of financial risk on its share of the underlying items;
  - a.s.r.'s share of a decrease in the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in the income statement (included in insurance service expenses) and creating a loss component; or
  - a.s.r.'s share of an increase in the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in the income statement (included in insurance service expenses); and
- The amount recognised as insurance contract revenue because of the services provided in the period.

Changes in fulfilment cash flows that relate to future services include the changes relating to future services specified above for contracts with direct participation features (measured at current discount rates) , the effect of the time value of money and financial risks and the risk mitigation option where applicable.

CSM is recognised as insurance contract revenue following the services provided. This is generally on a straight-line basis over the expected coverage period (taking into account contract terms and lapse assumptions) on an individual insurance contract basis.

a.s.r. allocates the CSM to each period based on the passage of time as the investment-related services provided in relation to the investment component and the insurance services provided in relation to the insurance component are deemed to be delivered equally over the coverage period.

Risk mitigation
a.s.r. has chosen to apply the risk mitigation option to certain VFA contracts, thereby not recognising a change in the CSM to reflect some or all of the changes in the effect of the time value of money and financial risk (that would normally adjust the CSM) on:

- The amount of a.s.r.'s share of the underlying items if a.s.r. mitigates the effect of financial risk on that amount using derivatives or reinsurance contracts held; and
- The fulfilment cash flows if a.s.r. mitigates the effect of financial risk on those fulfilment cash flows using derivatives, non-derivative financial instruments measured at FVTPL, or reinsurance contracts held.

If a.s.r. mitigates the effect of financial risk using derivatives or non-derivative financial instruments measured at FVTPL, it shall include insurance finance income or expenses for the period arising from the application of the risk mitigation in profit or loss.

If a.s.r. mitigates the effect of financial risk using reinsurance contracts held, it shall apply the same accounting policy for the presentation of insurance finance income or expenses arising from the application of the risk mitigation as a.s.r. applies to other reinsurance contracts held. a.s.r. does not currently use reinsurance as a hedge instrument dedicated to financial risks.

Measurement – contracts measured under the PAA
The PAA simplifies the measurement of groups of contracts when:

- the coverage period of each contract in the group of contracts is one year or less; or
- a.s.r. expects that the resulting measurement would not differ materially from the result of applying the GMM.

Initial measurement
On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition. Insurance acquisition cash flows are recognised as expenses when they are incurred making use of the option under IFRS 17. The risk adjustment is an implicit part of the valuation of the related liability.

Subsequent measurement.
Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and decreased by the amount recognised as insurance contract revenue for coverage provided. This is recognised over the coverage period based on the passage of time.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then a.s.r. recognises a loss in the income statement and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage (including the risk adjustment for non-financial risk) exceed the carrying amount of the liability for remaining coverage.

a.s.r. recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims, including a risk adjustment for non-financial risk. The fulfilment cash flows are discounted at current rates.

Derecognition and contract modification
a.s.r. derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

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

On the derecognition of a contract from within a group of contracts:

- The fulfilment cash flows allocated to the group are adjusted to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group; and
- The CSM of the group is adjusted for the change in fulfilment cash flows.

If a contract is derecognised because its terms are substantially modified, then the CSM is also adjusted for the premium that would have been charged had a.s.r. entered into a contract with the new contract's terms at the date of modification, less any additional premium charged for the modification. The new contract recognised is measured assuming that, at the date of modification, the issuer received the premium that it would have charged less any additional premium charged for the modification.

F2. Reinsurance contracts
Classification
Contracts held by a.s.r. under which it transfers significant insurance risk related to insurance contracts are classified as reinsurance contracts. a.s.r. does not issue reinsurance contracts.

Separating components and Level of aggregation
The accounting principles for the separation of components do not differ from those for insurance contracts. For the determination of the level of aggregation for reinsurance contracts the accounting principles are the same with the exception that a reinsurance contract cannot be classified as onerous.

Recognition
a.s.r. recognises a group of reinsurance contracts held that do not provide proportionate coverage at the earlier of (i) the beginning of the coverage period of the group of reinsurance contracts held; and (ii) the date a.s.r. recognises an onerous group of underlying contracts if a.s.r. entered into the related reinsurance contract held at or before that date.

Contract boundaries
The measurement of a group of reinsurance contracts held includes all of the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period under which a.s.r. has a right to receive services from the reinsurer and is compelled to pay premiums.

Measurement – contracts under the PAA
a.s.r. uses the PAA as the default measurement approach for reinsurance contracts with a coverage period of one year or less, but the business line has the option to choose the GMM.

To measure a group of reinsurance contracts a.s.r. applies the same accounting policies for the related insurance contracts, adapted where necessary to reflect the features of reinsurance contracts held that differ from those of the insurance contracts.

Measurement – contracts under the GMM
a.s.r. applies the same accounting policies for insurance contracts to measure a group of reinsurance contracts, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the remaining coverage component and the incurred claims component. The remaining coverage component comprises:

- The fulfilment cash flows that relate to services that will be received under the contracts in future periods including the risk adjustment; and
- Any remaining CSM at that date.

a.s.r. measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts.

Loss-recovery component
a.s.r. determines a loss-recovery component of the asset for remaining coverage of a group of reinsurance contracts held when a.s.r. recognises a recovery of a loss on initial recognition of an onerous group of underlying contracts as well as for subsequent measurement of the recovery of losses. This loss-recovery component is accounted for in a manner consistent with the loss component of the group of underlying insurance contracts issued. As such, as cedant, a.s.r. determines the resulting amount of the loss-recovery at initial recognition to be recognised in profit or loss by multiplying:

- The loss recognised on the group of underlying insurance contracts; and
- The percentage of claims on underlying contracts a.s.r. expects to recover from the group of reinsurance contracts held.

After a.s.r. has established a loss-recovery component, it shall adjust it to reflect changes in the loss component of the underlying contracts. Therefore, the balance of loss-recovery component needs to be tracked along the fulfilment of the reinsurance group and run off to zero at the end of the reinsurance coverage period or earlier when the loss component on the underlying group(s) has been fully reversed. The carrying amount of the loss recovery component shall not exceed the portion of the carrying amount of the loss component of the underlying insurance contracts that a.s.r. expects to recover from the group of reinsurance contracts held.

The risk adjustment for non-financial risk is the amount of the risk transferred by a.s.r. to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of the fulfilment cash flows, any derecognised assets for cash flows occurring before the recognition of the group and any cash flows arising at that date, and taking into account any recognised loss recovery component, if applicable. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then a.s.r. recognises the cost immediately in the income statement as an expense.

The carrying amount of the CSM at the end of each reporting period is the carrying amount at the start of the reporting period, adjusted for:

- The CSM of any new contracts that are added to the group in the period;
- Interest accreted on the carrying amount of the CSM during the period, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- Changes in fulfilment cash flows that relate to future services, unless the change results from a change in fulfilment cash flows allocated to a group of onerous underlying insurance contracts, in which case the change is recognised in the income statement;
- The amount recognised in the income statement because of the services received in the period.

CSM is recognised in profit or loss following the services provided.

Non-performance risk
Changes in the fulfilment cash flows related to the risk of non-performance do not adjust the CSM, therefore a.s.r. recognises them in profit or loss. This requires that the fulfilment cash flows must be adjusted to include the effect of any non-performance risk, or credit risk, by the reinsurer.

Reinsurance contracts cannot be onerous.

G. Employee benefits

Pension obligations

a.s.r. has with effect 2021, defined contribution (DC) plans for all its employees, including employees that are employed by entities that operate in the Distribution and Service segment. For these DC plans, a.s.r. pays contributions to privately administered pension insurance plans with ASR Levensverzekering N.V. (a.s.r. life) on a contractual basis. a.s.r. life recognises these contracts as insurance contracts. They are accounted for in accordance with liabilities arising from insurance contracts (accounting policy F1).

With regards to the DC plans, Aegon employees had a DC plan with Aegon Cappital as of 2020, and as of 1 October 2023 this DC plan became non-contributory, as they entered the a.s.r. DC plan.

a.s.r. has no further payment obligations to the employees once the contributions have been paid. The contributions are recognised as operating expenses in the income statement during the period the services are rendered. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

In addition, a number of defined benefit (DB) plans for own employees exist, which ended at the end of 2019 (Aegon NL DB) and 2020 (a.s.r. DB), and were left non-contributory. The defined benefit obligation continues to exist. The plans are schemes under which employees are awarded pension benefits upon retirement, usually dependent on one or more factors, such as years of service and compensation. The defined benefit obligation is calculated at each reporting date by independent actuaries.

The liability in respect of DB plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets where the pension plans are insured by third parties.

a.s.r. life and Aegon life administers most of the post-employment benefit plans and holds the investments that are intended to cover the employee benefit obligation. These investments do not qualify as plan assets in the consolidated financial statements under IFRS.

Pension obligations are calculated using the projected unit credit method. Inherent to this method is the application of actuarial assumptions for discount rates, future salary increases and bonuses, mortality rates and consumer price indices. The assumptions are updated and checked at each reporting date, based on available market data. The assumptions and reports were reviewed by Risk Management.

Actuarial assumptions may differ from actual results due to changes in market conditions, economic trends, mortality trends and other assumptions. Any change in these assumptions can have a significant impact on the defined benefit obligation and future pension costs.

Changes in the expected actuarial assumptions and differences with the actual actuarial outcomes are recognised in the actuarial gains and losses included in other comprehensive income (component of total equity).

When employee benefit plans are modified and when no further obligations exist, a gain or loss, resulting from the changes are recognised directly in the income statement. Consistent with the calculation of a gain or loss on a plan amendment, a.s.r. will use updated actuarial assumptions to determine the current service cost and net interest for the remainder of the annual reporting period upon the time of such amendment. The effect of the asset ceiling, if applicable, is disregarded when calculating the gain or loss on any settlement of the plan.

The financing cost related to employee benefits is recognised in interest expense. The current service costs are included in operating expenses.

Other long-term employee benefits
Plans that offer benefits for long-service (leave), but do not qualify as a post-employment benefit plan, such as jubilee benefits, are measured at present value using the projected unit credit method and changes are recognised directly in the income statement.

Other post-retirements obligations
a.s.r. offers post-employment benefit plans, such as arrangement for mortgage loans at a discount (fixed amount, reference date December 2017). The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology that is similar to that for DB plans.

Vacation entitlements
A liability is formed for the vacation days which have not been taken at year-end.

H. Acquisitions (Business combinations)
Business acquisitions are accounted for according to the acquisition method, with the cost of the acquisitions being allocated to the fair value of the acquired identifiable assets, liabilities and contingent liabilities.

The goodwill is determined as the difference between the cost of the acquisition and a.s.r.'s interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities at the acquisition date. Additionally for insurance contracts acquired that are onerous at the transaction date, the difference between the fair value and the fulfilment cash flows is also part of the goodwill.

Any change, in the fair value of acquired assets and liabilities at the acquisition date, determined within one year after acquisition, is recognised as an adjustment charged to goodwill in case of a preliminary valuation. Adjustments that occur after a period of one year are recognised in the income statement. Adjustments to the purchase price that are contingent on future events, and to the extent that these are not already included in the purchase price, are included in the purchase price of the acquisition at the time the adjustment is likely and can be measured reliably.

Where applicable in the notes to the financial statements the acquisitions are recognised in the changes in the composition of the group.

7.3.5 Other accounting policies

I. Basis for consolidation - subsidiaries
The consolidated financial statements include the financial statements of a.s.r. and its subsidiaries. Subsidiaries are those entities (which may include deemed separate entities, the so-called silos and investments on behalf of policyholders) over which a.s.r. has control. Control exists when a.s.r. is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. This is the case if more than half of the voting rights may be exercised or if a.s.r. has control in any other manner. Subsidiaries are fully consolidated from the date on which control is acquired by a.s.r. and are deconsolidated when control ceases to exist.

A subsidiary's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date and are subsequently accounted for in accordance with a.s.r.'s accounting policies, which are consistent with IFRS.

Non-controlling interests are initially stated at their proportionate share in the fair value of the net assets on the acquisition date and are subsequently adjusted for the non-controlling interest in changes in the subsidiary's equity.

a.s.r. concluded that the fund assets and liabilities of the IORP entities are a silo outside of the control of a.s.r., therefore these assets and liabilities are not consolidated by a.s.r. Only the remaining assets and liabilities within the IORP entities (outside of the silo) are consolidated into a.s.r.'s financial statements.

Intragroup transactions
Intragroup balances and transactions between consolidated group companies are eliminated. Gains and losses on transactions between a.s.r. and associates and joint ventures are eliminated to the extent of a.s.r.'s interest in these entities.

Structured entities
Structured entities that are consolidated include certain mortgage backed securitization deals, where a.s.r. was involved in the design of the structured entities and also has the ability to use its power to affect the amount of the investee's returns. Other factors that contribute to the conclusion that consolidation of these entities is required includes consideration of whether a.s.r. fully services the investees and can therefore influence the defaults of the mortgage portfolios and the fact that in these cases the majority of risks are maintained by a.s.r. Structured entities that are not consolidated include general account investments in non-affiliated structured entities that are used for investment purposes.

J. Product classification
Insurance contracts are defined as contracts under which a.s.r. accepts significant insurance risk from policyholders by agreeing to compensate policyholders if a specified uncertain future event adversely affects the policyholder. These contracts are considered insurance contracts throughout the remaining term

to maturity, irrespective of when the insured event occurs. In addition, these contracts can also transfer financial risk.

a.s.r. offers non-life insurance contracts and life insurance contracts.

Non-life insurance contracts
Non-life insurance contracts are contracts that provide cover that is not related to the life or death of insured persons. These insurance contracts are classified into the following categories: Disability, Health, P&C (motor, fire and liability) and Other.

Life insurance contracts
Life insurance contracts (in cash) include savings-linked mortgages, annuities, term insurance policies, savings contracts and funeral insurance contracts. In addition to non-participating life insurance contracts, the insurance portfolio also includes:
- Individual and group participating contracts;
- Individual contracts with discretionary participation features;
- Group contracts with segregated pools with returns based on investment guarantees.

Direct participating insurance contracts
Claims from these life insurance contracts are directly linked to the underlying investments. The investment risk and return are borne fully for policyholders. Life insurance contracts for the account and risk of policyholders generally consist of contracts where premiums, after deduction of costs and risk premium, are invested in unit-linked funds. For some individual contracts, a.s.r. guarantees returns on unit-linked investment funds. In addition, group contracts with segregated pools are classified as direct participating insurance contracts.

K. Segment information
At organisational level, a.s.r.'s operations have been divided into six (2022: five) operating segments. The main segments are the Non-life and Life segment that include all insurance activities. The non-insurance activities are presented as four separate segments being the Asset Management, Bank, Distribution and Services and Holding and Other segment. There is a clear difference between the risk and return profiles of these six segments.

Intersegment transactions or transfers are conducted at arm's length conditions.

L. Transaction date and settlement date
All purchases and sales of financial instruments, which have to be settled in accordance with standard market conventions, are recognised at the transaction date, which is the date on which a.s.r. becomes party to the contractual stipulations of the instrument. Any purchases and sales other than those requiring delivery within the time frame established by regulations or market conventions are accounted for as forward transactions until the time of settlement. For details on these transactions, see accounting policy E.

M. Securities lending
a.s.r. participates in securities lending transactions, whereby collateral is received in the form of securities or cash. Cash received as collateral is recognised in the balance sheet and a corresponding liability is recognised as liabilities arising from securities lending in 'Due to banks'. Securities lent remain on the balance sheet. Securities received as collateral are not recognised in the balance sheet.

N. Statement of cash flows
The statement of cash flows classifies cash flows by operating activities, investing activities and financing activities. Cash flows denominated in foreign currencies are converted at the exchange rates applicable on the transaction date.

Cash flows from operating activities are reported using the indirect method. Cash flows from operating activities include result before tax, adjustments for gains and losses that did not result in income and payments in the same financial year, adjustments for movements in provisions, and accrued and deferred items.

The statement of cash flows recognises interest received and paid, and dividends received within cash flows from operating activities. Cash flows from purchasing and selling investments and investment property are included in cash flows from operating activities on a net basis. Dividends paid are recognised within cash flows from financing activities.

O. Property, plant and equipment
Property held for own use and plant
Property held for own use and plants comprise of land and office buildings and plants like wind farms and are measured at fair value (revaluation model) based on annual valuations, conducted by external, independent valuators with adequate professional expertise and experience in the specific location and categories of properties or plant.

They are subsequently measured at fair value, including any unrealised fair value changes in equity, taking into account any deferred tax liabilities. For the method of determining the fair value reference is made to accounting policy B for investment property and plant.

Increase in the fair value exceeding the cost price is added to the revaluation reserve in shareholders' equity, less deferred taxes. Decreases in the fair value that offset previous increases of the same asset, are charged against the revaluation reserve. The revaluation reserve cannot be negative. All other decreases in fair value are accounted for in the income statement. Increases that reverse a revaluation decrease on the same asset previously recognised in net result are recognised in the income statement.

Buildings and wind farms are depreciated using the straight-line method based on expected useful life, taking into account their fair value amount, the residual value from the time when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The useful life of buildings is assessed annually for every individual component (component approach).

Property and plant classified into components and their maximum life

Components	Useful life (expressed in years)
Land	n.a.
Shell	50
Outer layer	15-30
Wind turbines	25
Solar panels	25
Systems	15-20
Fittings and fixtures	15

Repair and maintenance costs are charged to the income statement in the period in which they are incurred. Expenses incurred after the acquisition of an asset are capitalised if it is probable that the future economic benefits will flow to a.s.r. and the cost of the asset can be measured reliably.

Upon the sale of a property or plant, the part of the revaluation reserve related to the sold property or plant, within equity, is transferred to 'other reserves' and is not reclassified to the income statement. Therefore annually a transfer is also made from the revaluation reserve related to 'other reserves' in line with the depreciation recognised in the income statement for the revalued portion.

Equipment

Equipment is recognised at cost, less accumulated depreciation and / or any accumulated impairment losses. Cost corresponds with the cash paid or the fair value of the consideration given to acquire the asset.

Equipment is depreciated over its useful life, which is determined individually (usually between three and five years). Repair and maintenance costs are charged to the income statement in the period in which they are incurred. Expenses incurred after the acquisition of an asset are capitalised if it is probable that the future economic benefits will flow to a.s.r. and the cost of the asset can be measured reliably.

Accounting for borrowing costs attributable to the construction of property, plant and equipment is the same as accounting for borrowing costs attributable to investment property. For details, see accounting policy D.

Right-of-use assets

Right-of-use assets are recognised for lease contracts for which a.s.r. is the lessee. For more information reference is made to accounting policy U.

P. Associates and joint ventures

Associates

Associates are entities over which a.s.r. has significant influence on operating and financial contracts, without having control. Generally, associates are accounted for using the equity method from the date at which a.s.r. acquires significant influence until the date at which such influence ceases. This means that associates are initially recognised at cost, including any goodwill paid. This value is subsequently adjusted to take account of a.s.r.'s share of the associate's comprehensive income. Comprehensive income is adjusted in accordance with the accounting principles used by a.s.r.

Losses are accounted for until the carrying amount of the investment has reached zero. Further provisions are recognised only to the extent that a.s.r. has incurred legal or constructive obligations concerning these associates.

If objective evidence of impairment exists, associates are tested for impairment and, if necessary, written down.

When the application of the equity method produces information that is not relevant to the investors, a.s.r. may use the exemption of IAS 28 to measure the investments in those associates at fair value through profit or loss in accordance with IFRS 9. a.s.r. applies fair value measurement for investments in real estate equity funds and mortgage equity funds, over which a.s.r. has significant influence.

Joint ventures

Joint ventures are contractual arrangements whereby a.s.r. and one or more parties undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

These interests are accounted for using the equity method as applied to associates. The interests are recognised in the financial statements from the date on which a.s.r. first obtains joint control until the date that this joint control ceases.

If objective evidence of impairment exists, joint ventures are tested for impairment and, if necessary an impairment is recognised in the income statement.

Joint operations

a.s.r. has a limited number of non-material joint operations. These are recognised in relation to a.s.r.'s interest in the joint operation's individual balance sheet and income statement items.

Q. Other assets

Other assets include accrued investment income, property developments, tax assets and accrued assets.

Property developments consist of property under development commissioned by third parties. Development property is measured at cost including any incremental costs (if a.s.r. expects to recover those costs), directly related costs to the contract (i.e. labour, materials, allocation of directly related costs, payments to subcontractors) and construction period interest, less any invoiced instalments and impairments.

Revenue on property development is primarily accounted for at the moment the property is sold. This is a performance obligation satisfied at a point in time. The point in time is the moment a customer obtains control of the promised asset.

Property developments which are sold can have guarantees (such as rent guarantees or construction guarantees), which may give rise to a separate performance obligation.

R. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash collateral and other short-term highly liquid investments that are not subject to a significant risk of changes in value. Cash and cash equivalents are measured at fair value through profit or loss.

S. Equity

Share capital and share premium reserve

The share capital disclosed in the balance sheet consists of issued and fully paid-up ordinary shares. The share premium reserve comprises additional paid-in capital in excess of the par value of the shares.

Reserve for unrealised gains and losses

This reserve consists of:

- Unrealised gains and losses from assets FVOCI net of tax (see accounting policy E);
- The share of unrealised gains and losses of associates and joint ventures using the equity method held by a.s.r. (see accounting policy P);
- Unrealised change in value of property for own use (see accounting policy O);

Actuarial gains and losses

Actuarial gains and losses result from the post-employment benefit pension plans (see accounting policy G).

Retained earnings

Retained earnings also include other reserves.

Other equity instruments

This item represents the par value of the other equity instruments. Costs directly attributable to the equity issue and the tax impact thereof are recognised in retained earnings.

Treasury shares

Treasury shares are a.s.r.'s own ordinary shares that have been issued and subsequently reacquired by a.s.r. Treasury shares are deducted from equity, regardless of the objective of the transaction. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the instruments. If sold, the difference between the carrying amount and the proceeds is reflected in retained earnings. The consideration paid or received is recognised directly in shareholders' equity. All treasury shares are eliminated in the calculation of earnings per share and dividend per ordinary share.

Treasury shares are either required as part of the share buy-back programme, or acquired and resold as part of the employee share purchase plan, see chapter 7.7.5.

Non-controlling interest

The non-controlling interest relates to the equity in a consolidated subsidiary not attributable, directly or indirectly, to a.s.r. (see accounting policy I).

Dividends on ordinary share capital

Dividends on ordinary shares are recognised as a liability and recognised in equity when they are approved by a.s.r.'s shareholders. Interim dividends are recognised in equity when they are paid.

Dividends for the year that are approved after the reporting date are treated as an event after the reporting date.

Discretionary interest on other equity instruments

Discretionary interest on other equity instruments is recognised in equity upon payment. The related income tax on these equity instruments is recognised in the income statement.

T. Financing

Financing includes savings deposits, borrowings, due to customers, due to banks, subordinated liabilities and other financial liabilities. On initial recognition, debt instruments and other loans are stated at fair value, net of transaction costs incurred. Subsequent valuation is at amortised cost. Any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Lease liabilities are included under borrowings and measured in accordance with accounting policy U.

U. Leasing

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. For contracts that contain a lease component and one or more additional lease or non-lease components a.s.r. applies the practical expedient not to separate non-lease components from lease components.

At the commencement date of the lease, a.s.r. recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the lease liability at initial measurement. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. For vehicles, the lease payments are discounted using the interest rate implicit in the lease. For other leases a.s.r.'s incremental borrowing rate is used.

Subsequently, the right-of-use asset is valued at cost less any cumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The lease liability is increased with interest accrued and reduced for lease payments made. When applicable the lease liability is remeasured for changes in future payments resulting from a change in index or lease term.

The right-of-use assets are presented under property, plant and equipment. The lease liabilities are presented under borrowings.

V1. Insurance contract revenue

Insurance contract revenue excludes any investment components and is measured as follows.

Insurance contract revenue – contracts measured under the GMM or VFA

a.s.r. recognises insurance contract revenue as it satisfies its performance obligations – i.e. as it provides coverage or other services required due to groups of insurance contracts. For contracts measured under the GMM or VFA, the insurance contract revenue relating to services provided for each period represents the total of the changes in the liability for remaining coverage that relate to services for which a.s.r. expects to receive consideration.

Insurance contract revenue consists of the sum of the changes in the liability for remaining coverage due to:

- The insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  – Amounts allocated to the loss component;
  – Repayments of investment components;
  – Amounts that relate to transaction-based taxes collected on behalf of third parties;
  – Insurance acquisition expenses; and
  – Amounts relating to risk adjustment for non-financial risk.
- The change in the risk adjustment for non-financial risk, excluding:
  – Changes that relate to future service that adjust the CSM; and
  – Amounts allocated to the loss component.
- The amount of CSM for the services provided in the period;
- In addition, a.s.r. allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. a.s.r. recognises the allocated amount as insurance contracts revenue and an equal amount as insurance service expenses.

The amount of the CSM of a group of insurance contracts that is recognised as insurance contract revenue in each reporting period is generally determined by considering the quantity of benefits provided from the services per insurance contract and allocating the CSM per insurance contract remaining at the end of the reporting period (before any allocation) equally to the services provided in the reporting period and expected to be provided in future periods.

Per group of contracts, in accordance with the level of aggregation criteria, the CSM is subsequently released, considering each individual contract, to the current coverage period and to future coverage periods in which the insurance contract service is expected to be provided (considering expected contract terms and survivor, lapse and death assumptions).

Insurance contract revenue – contracts measured under the PAA
For contracts measured under the PAA, the insurance contract revenue for each period is the amount of expected premium receipts for providing coverage in the period. a.s.r. allocates the expected premium receipts to each period on the basis of the passage of time.

Allocation of reinsurance premiums paid
a.s.r. allocates reinsurers premiums paid as it receives coverage or other services under groups of reinsurance contracts. For contracts measured under the GMM the allocation of reinsurance premiums paid relating to services received for each reporting period represents the total of the changes in the remaining coverage component that relate to services for which a.s.r. expects to pay consideration.

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving coverage in the period.

V2. Insurance service expenses
Insurance service expenses arising from insurance contracts are recognised in the income statement generally as they are incurred. They comprise the following items:

- Claims and benefits
  - Incurred claims and benefits;
  - Losses and reversal of losses on onerous contracts;
  - Adjustment of the liabilities for incurred claims and benefits that do not arise from the effects of the time value of money, financial risk and changes therein;
- Insurance service operating expenses
  - Attributable insurance service operating expenses;
  - Acquisition costs when incurred for insurance contracts measured under the PAA; and
  - Amortisation of insurance acquisition cash flows for contracts not measured under the PAA.

Loss components
a.s.r. establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in the income statement as reversals of losses on onerous contracts and are excluded from insurance contract revenue when they occur. When the fulfilment cash flows occur, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each period (or on initial recognition if a group of contracts is initially recognised in the period).

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

V3. Investment income
Investment income comprises the direct investment income such as interest income on financial assets, dividends received, rental income from investment property and other direct investment income. Fair value gains and losses includes the net gains on financial assets at FVTPL, net gains on derecognition of financial assets and liabilities at amortised cost and debt instruments at FVOCI, net gains on derecognition of associates at equity method and fair value gains on investment property.

Interest income
Interest income for all interest-bearing instruments includes coupons earned on fixed income instruments and is recognised on an accrual basis. Transaction costs attributable to the acquisition of debt securities at fair value through profit or loss are immediately recognised in the income statement.

When unpaid interest has accrued before the acquisition of an interest-bearing investment, the subsequent receipt of interest is allocated between pre-acquisition and post-acquisition periods; only the post-acquisition portion is recognised as revenue. The pre-acquisition interest is part of the consideration paid.

Interest rate swaps

When the two legs of an interest rate swap are settled gross, interest paid and interest received on these swap are not offset. Gross settlement means that both legs of the swap are settled separately: one party receives interest and the other party pays interest. The net amount depends on the market interest rate. Interest received is accounted for as direct investment income, interest paid is accounted for as other finance expense.

Impairments

When a receivable is impaired, a lifetime expected credit loss (ECL) is recognised and interest income is calculated on the net carrying amount (that is the gross carrying amount less credit allowance).

Dividends

Dividend income is recognised in the income statement when a right to receive payment is established.

Rental income

Rental income from investment property is allocated to the period to which they relate.

V4. Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts, measured through GMM and PAA, arising from the effects of the time value of money, financial risk and changes therein. For direct participating insurance contracts (VFA) the change in the fair value of the underlying items is included in the insurance finance income and expenses.

W. Solvency II

In accordance with the Solvency II regulations (2009/138/EG art. 75 - 86), Solvency II figures are based on fair value.

Fair value measurement is based on the same fair value hierarchy described in the IFRS accounting policies (see accounting policy B).

Most important adjustments in the balance sheet, compared to IFRS, are the valuation of the (savings-linked) mortgage loans-portfolio and the liabilities arising from insurance contracts (including the risk margin). Basis of Solvency II Eligible own funds (EOF) is the excess of assets over liabilities, adjusted with some specific EOF-items (subordinated liabilities which classify as EOF under Solvency II and foreseeable dividend). The Solvency Capital Requirement (SCR) of Aegon Levensverzekering N.V. (Aegon life) is based on the partial internal model, while the SCR of the other a.s.r. entities are based on the standard model, including the calculation of the Loss Absorbing Capacity of Deferred Tax (LAC DT). The LAC DT methodology is reviewed and properly documented. Usage of the models is agreed upon with DNB.

7.4 Group structure and segment information

7.4.1 Group structure

The group comprises a number of operating and holding companies. Except where indicated, a.s.r. is 100% shareholder of these companies.

ASR Nederland N.V.

- **ASR Schadeverzekering N.V.**[1]
- **ASR Levensverzekering N.V.**[2]
  - ASR Infrastructure Renewables B.V.
- **AEGON Levensverzekering N.V.**[2]
- **ASR Ziektekostenverzekeringen N.V.**
  - ASR Basis Ziektekostenverzekeringen N.V.[1]
  - ASR Aanvullende Ziektekostenverzekeringen N.V.[1]
  - ASR Wlz uitvoerder B.V.
- **ASR Deelnemingen N.V.**
  - ASR Real Estate B.V.[3]
  - ASR Premiepensioeninstelling N.V.[3]
  - Corins B.V.[3]
  - ASR Vitaliteit & Preventieve Diensten B.V.
- **Aegon Cappital B.V.**[3]
- **AEGON Spaarkas N.V.**[2]
- **Aegon Bank N.V.**[3]
- **ASR Vermogensbeheer N.V.**[3]
- **AEGON Hypotheken B.V.**[3]
- **D&S Holding B.V.**
  - **Dutch ID B.V.**
    - Felison Assuradeuren B.V.[3]
    - Boval Assurantiën B.V.[3]
  - Supergarant Verzekeringen B.V.[3]
  - ZZP Nederland Verzekeringen B.V.[3]
  - PoliService B.V.[3]
  - dRA Exploitatie B.V.[3]
  - Assurantiekantoor Lodewijk B.V.[3]
  - **Van Kampen Groep Holding B.V.**[3]
    - Anac Backoffice B.V.[3]
    - Van Kampen Geld B.V.[3]
  - **Van Helvoort Assuradeuren B.V**[3]
    - Van Helvoort Registermakelaars in Assurantiën B.V.[3]
- **ASR Vooruit B.V.**[3]
- **Aegon Advies B.V.**[3]
- **AEGON Bemiddeling B.V.**[3]
- **Nedasco B.V.**[3]
  - BSB Assurantiën B.V.[3] (85% participation)
- **Robidus Groep B.V.** (94% participation)
  - Robidus Risk Consulting B.V.[3]

1 Registered non-life insurance companies
2 Registered life insurance companies
3 Other Wft registered companies

Segment information

The operations of a.s.r. have been divided into six (2022: five) operating segments. The main segments are the Non-life and Life segment in which all insurance activities are presented. The other activities are presented as four separate segments being Asset Management, Banking, Distribution and Services and Holding and Other.

Insurance activities

Insurance entities are entities that accept the transfer of insurance risks from policyholders. The Non-life segment consists of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts such as disability insurance and property and casualty insurance. The Life segment comprises the life insurance entities and their subsidiaries. This life insurance entities offer financial products such as life insurance contracts and life insurance contracts on behalf of policyholders.

The Life segment also includes ASR Premiepensioeninstelling N.V. (a.s.r. IORP) and Aegon Cappital B.V. (Aegon IORP) which offer investment contracts to policyholders that bear no insurance risk and for which the actual return on investments allocated to the contract is passed on to the policyholder. The Non-life and Life segments have different levels of profitability and growth opportunities, as well as a different outlook and risk profile. See chapter 7.7.8 for a list of principal group companies and associates in the relevant segments.

Other activities

The other activities consist of:

- The Asset Management segment involves all activities related to asset management including investment property management. These activities include amongst others ASR Vermogensbeheer

At a glance
Message from the CEO
Business and strategy
How a.s.r. operates
Business performance
Governance
Non-financial statements
Financial statements
Introduction
Consolidated financial statements
Accounting policies
Group structure and segment information
Notes to the consolidated balance sheet
Notes to the consolidated income statement
Other notes
Risk management
Capital management
Operating result
Company financial statements
Additional information
Appendix

N.V., ASR Financieringen B.V., ASR Real Estate B.V., ASR Hypotheken B.V. and AEGON Hypotheken B.V. (Aegon hypotheken);
- The Banking segment consists of the Knab activities (Aegon Bank N.V.);
- The Distribution and Services segment includes the activities related to distribution of insurance contracts and include amongst others the financial intermediary business of PoliService B.V., Van Kampen Groep Holding B.V. (and Van Kampen Geld B.V. and Anac Backoffice B.V.), Dutch ID B.V. (and Felison Assuradeuren B.V. and Boval Assurantiën B.V.), Supergarant Verzekeringen B.V. (and ZZP Nederland Verzekeringen B.V.), Corins B.V., Nedasco B.V., Robidus Groep B.V., TKP Pensioen B.V., Aegon Advies B.V. and AEGON Bemiddeling B.V.;
- The segment Holding and Other consists primarily of the holding activities of a.s.r. (including the group related activities), other holding and intermediate holding companies, the real estate development business (ASR Vastgoed Projecten B.V.), ASR Vitaliteit & Preventieve Diensten B.V (Vitality), ASR Vooruit B.V., the investment firm that performs activities related to private investing for customers and the minority participations of ASR Deelnemingen N.V.

The eliminations applied in the reconciliation of the segment information to the consolidated balance sheet and the consolidated income statement are separately presented in chapter 7.4.2 and 7.4.3.

The a.s.r. segment reporting shows the financial performance of each segment. The purpose is to allocate all items in the balance sheet and income statement to the segments that hold full management responsibility for them.

Segment information has been prepared in accordance with the accounting principles used for the preparation of a.s.r.'s consolidated financial statements (see chapter 7.3). Goodwill and other intangibles are presented in the related CGU's segment. Intersegment transactions are conducted at arm's length conditions. In general, costs related to centralised services are allocated to the segments based on the utilisation of these services.

The segments are assessed on their operating result as defined in chapter 7.10.

7.4.2 Segmented balance sheet

Segmented balance sheet

As at December 2023	Non-life	Life	Asset Management	Banking	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	36	107	102	28	377	-	-	649
Property, plant and equipment	-	632	-	-	30	282	-212	732
Investment property	50	3,001	-	-	-	-	-	3,051
Associates and joint ventures at equity method	-	215	-	-	12	71	-	298
Investments	9,947	66,979	2,687	13,159	11	1,057	-1,374	92,466
Investments related to direct participating contracts	-	30,352	-	-	-	-	-	30,352
Derivatives	76	11,237	309	1,285	-	-	-	12,907
Deferred tax assets	-	968	-	-	-	-	-332	636
Reinsurance contract assets	284	217	-	-	-	-	-	501
Other assets	105	769	275	123	252	5,736	-5,996	1,265
Cash and cash equivalents	191	4,654	254	2,538	81	193	-	7,910
Total assets	**10,689**	**119,131**	**3,627**	**17,134**	**764**	**7,339**	**-7,914**	**150,768**
Equity attributable to holders of equity instruments	2,652	6,878	489	750	297	-1,695	-29	9,342
Non-controlling interests	6	31	-	-	7	-9	-	35
Total equity	**2,658**	**6,909**	**489**	**750**	**304**	**-1,704**	**-29**	**9,377**
Subordinated liabilities	95	-	-	-	-	2,005	-95	2,005
Insurance contract liabilities	7,237	58,841	-	-	-	-	-2,776	63,302
Liabilities arising from direct participating insurance contracts	-	39,025	-	-	-	-	-2,943	36,082
Employee benefits	-	-	-	-	-	5,218	-	5,218
Provisions	1	321	-	1	7	84	-	414
Borrowings	1	710	2,720	3,049	192	1,172	-1,460	6,384
Derivatives	318	8,840	269	706	-	-	-	10,132
Deferred tax liabilities	5	-	7	16	53	185	-266	-
Savings deposits	-	-	-	11,967	-	-	-	11,967
Due to banks	16	3,757	-	539	-	200	-	4,512
Other liabilities	358	728	141	107	208	179	-345	1,376
Total liabilities	**8,031**	**112,222**	**3,137**	**16,384**	**460**	**9,043**	**-7,885**	**141,391**
Total equity and liabilities	**10,689**	**119,131**	**3,627**	**17,134**	**764**	**7,339**	**-7,914**	**150,768**
Additions to								
Intangible assets	10	43	64	29	224	-	-	370
Property, plant and equipment	-	40	-	-	24	57	-	121
Total additions	**10**	**84**	**64**	**29**	**248**	**57**	**-**	**490**

Segmented balance sheet

As at December 2022	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	30	68	41	183	-	-	322
Property, plant and equipment	-	637	-	13	238	-209	679
Investment property	49	616	-	-	-	-	664
Associates and joint ventures at equity method	-	3	-	9	66	-	79
Investments	7,931	31,225	22	15	2,223	-338	41,077
Investments related to direct participating contracts		9,912	-	-	-	-	9,912
Derivatives	195	5,563	-	-	3	-	5,761
Deferred tax assets	-	746	-	-	-	-428	318
Reinsurance contract assets	248	133	-	-	-	-	381
Other assets	28	356	26	50	3,062	-3,062	460
Cash and cash equivalents	262	1,721	85	46	132	-	2,246
Total assets	**8,744**	**50,979**	**174**	**316**	**5,723**	**-4,037**	**61,899**
Equity attributable to holders of equity instruments	2,329	3,328	150	45	266	31	6,150
Non-controlling interests	4	22	-	-	1	-	27
Total equity	**2,333**	**3,350**	**150**	**45**	**267**	**31**	**6,177**
Subordinated liabilities	72	-	-	-	2,005	-72	2,005
Insurance contract liabilities	5,738	28,591	-	-	-	-2,689	31,640
Liabilities arising from direct participating insurance contracts	-	10,463	-	-	-	-	10,463
Employee benefits	-	-	-	-	2,742	-	2,742
Provisions	1	13	-	-	4	-	18
Borrowings	-	173	-	200	307	-491	188
Derivatives	327	5,355	-	-	-	-	5,681
Deferred tax liabilities	302	-	6	9	101	-417	-
Due to banks	21	2,165			78	-	2,264
Other liabilities	-50	869	18	62	220	-399	721
Total liabilities	**6,411**	**47,629**	**24**	**270**	**5,457**	**-4,068**	**55,723**
Total equity and liabilities	**8,744**	**50,979**	**174**	**316**	**5,723**	**-4,037**	**61,899**
Additions to							
Intangible assets	-	1	6	18	-	-	25
Property, plant and equipment	-	169	-	5	5	-	179
Total additions	**-**	**170**	**6**	**22**	**5**	**-**	**204**

7.4.3 Segmented income statement and operating result

Segmented income statement and operating result

2023	Non-life	Life	Asset Management	Banking	Distribution and Services	Holding and Other	Eliminations	Total
Insurance contract revenue	5,379	2,898	-	-	-	-	-182	8,095
Incurred claims and benefits	*-4,267*	*-2,298*	-	-	-	-	*164*	*-6,400*
Insurance service operating expenses	*-966*	*-264*	-	-	-	-	*2*	*-1,227*
Insurance service expenses	-5,232	-2,562	-	-	-	-	166	-7,628
Insurance service result before reinsurance	**147**	**336**	**-**	**-**	**-**	**-**	**-15**	**468**
Allocation of reinsurance premiums paid	-122	-438	-	-	-	-	-	-560
Amounts recoverable from reinsurers	110	422	-	-	-	-	-	532
Net expenses from reinsurance contracts	**-12**	**-16**	**-**	**-**	**-**	**-**	**-**	**-27**
Insurance service result	**135**	**320**	**-**	**-**	**-**	**-**	**-15**	**440**
Direct investment income	396	3,658	89	495	5	72	-83	4,633
Net fair value gains and (losses)	186	4,571	-14	-31	-	21	-15	4,718
Impairments on financial assets	-	1	-23	2	-	-1	-	-20
Net finance expenses from insurance contracts	-253	-5,157	-	-	-	-	205	-5,205
Net finance income from reinsurance contracts	10	-16	-	-	-	-	-	-6
Other finance expenses	-143	-2,031	-54	-285	-7	-87	-129	-2,736
Investment operating expenses	-11	-103	-98	-82	-	-2	80	-216
Investment and finance result	**184**	**922**	**-98**	**98**	**-2**	**4**	**59**	**1,167**
Share of result of associates and joint ventures	-	6	-	-	-	2	-	8
Fee income	-	54	248	3	244	-	-215	334
Other income	12	105	111	17	6	149	-10	389
Total other income	**12**	**165**	**359**	**20**	**251**	**152**	**-226**	**731**
Other expenses	-58	-434	-134	-15	-248	-203	143	-950
Other income and expenses	**-46**	**-269**	**224**	**5**	**3**	**-52**	**-83**	**-218**
Result before tax	**273**	**973**	**126**	**102**	**1**	**-48**	**-39**	**1,389**
Income tax (expense) / gain	-69	-239	-33	-26	-4	58	10	-303
Net result	**205**	**734**	**94**	**76**	**-3**	**10**	**-30**	**1,086**
- Shareholders of the parent	205	734	94	76	-3	-38	-30	1,038
- Holders of other equity instruments	-	-	-	-	-	48	-	48
Result attributable to holders of equity instruments	**205**	**734**	**94**	**76**	**-3**	**10**	**-30**	**1,086**

a.s.r. decided to use the 'look through' approach on a group level when calculating the CSM, representing all income and expenses of the group related to insurance contracts. As a result the services of a.s.r. asset management related to insurance contracts measured under the variable fee approach are reflected in the insurance service result of the Life segment, as well as the segment Asset management, and subsequently reversed in 'other income and other expenses' within the segment Life. a.s.r. considers this to be a true and fair view. It reflects the measure reported to the Executive Board, as chief operating decision maker, for the purpose of making decisions about allocating resources to the segment and assessing its performance.

Operating result

2023	Non-life	Life	Asset Management	Banking	Distribution and Services	Holding and Other	Eliminations	Total
Result before tax	**273**	**973**	**126**	**102**	**1**	**-48**	**-39**	**1,389**
Minus adjustments related to the insurance service result	-106	47	-	-	-	-	-16	-75
Minus adjustments related to the investment and finance result	29	513	-30	-36	-	123	-21	579
Minus adjustments related to the other result	-30	-275	77	-	-29	25	-	-231
Operating result	**381**	**688**	**78**	**139**	**30**	**-197**	**-3**	**1,117**

In 2023, adjustments related to the insurance service result (€ -75 million) mainly consist of the non-economic assumption update for inflation in the liability of incurred claims of Disability (€ -87 million) in the segment Non-life.

Adjustments related to the investment and finance result (€ 579 million) were mainly related to fair value revaluations driven by decreasing interest rates in 2023.

Adjustments related to the other result (€ -231 million) consists on the one hand of provisions made following the agreement with claim organisations on Unit Linked-life insurance transparency (see chapter 7.7.6.2). In the Life segment a provision is made of in total € 300 million which includes an additional provision of € 50 million to facilitate individual claims of customers in distressing situations. On the other hand in the Asset Management segment an adjustment was made for the net positive impact from the Aegon transaction and the exchange of investment portfolios. In the Distribution and Services segment an impairment of goodwill (€ -13 million) and amortisations of other intangible assets were adjusted for. In the Holding and Other segment the positive adjustment for the purchase gain on the Aegon transaction was partially set off by expenses for integration of the Aegon business lines and expenses for innovation projects.

For more information including an explanation of the new definition, see chapter 7.10.

Impairments

2023		Non-life	Life	Asset Management	Banking	Distribution and Services	Holding and Other	Eliminations	Total
Intangible assets	Impairment	-	-	-	-	-13	-	-	-13
	Reversal	-	-	-	-	-	-	-	-
Investments	Impairment	-	-	-1	3	-	-1	-	1
	Reversal	-	-	-	-	-	-	-	-
Other assets	Impairment	-	-	-22	-	-	-	-	-22
	Reversal	-	1			-	-	-	1
Total Impairments	**Impairment**	**-**	**-**	**-23**	**3**	**-13**	**-1**	**-**	**-34**
	Reversal	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**1**
	Total	**-**	**1**	**-23**	**3**	**-13**	**-1**	**-**	**-33**

Segmented income statement and operating result

2022	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Insurance contract revenue	4,242	1,446	-	-	-	-142	5,547
Incurred claims and benefits	*-3,337*	*-1,263*	-	-	-	*64*	*-4,537*
Insurance service operating expenses	*-873*	*-178*	-	-	-	-	*-1,050*
Insurance service expenses	-4,210	-1,441	-	-	-	64	-5,587
Insurance service result before reinsurance	**32**	**5**	**-**	**-**	**-**	**-78**	**-40**
Allocation of reinsurance premiums paid	-92	-17	-	-	-	-	-110
Amounts recoverable from reinsurers	75	12	-	-	-	-	86
Net expenses from reinsurance contracts	**-18**	**-6**	**-**	**-**	**-**	**-**	**-23**
Insurance service result	**15**	**-**	**-**	**-**	**-**	**-78**	**-63**
Direct investment income	192	1,510	-	1	15	-10	1,708
Net fair value gains and (losses)	-1,489	-13,759	-	-1	-17	-18	-15,284
Net finance expenses from insurance contracts	1,289	11,626	-	-	-	-1,012	11,903
Net finance income from reinsurance contracts	-26	-41	-	-	-	-	-67
Other finance expenses	-25	-339	-	-2	-965	882	-449
Investment operating expenses	-11	-65	-49	-	-4	59	-70
Investment and finance result	**-69**	**-1,069**	**-49**	**-3**	**-971**	**-98**	**-2,259**
Share of result of associates and joint ventures	-	-	-	1	-3	-	-3
Fee income	-	24	164	122	-	-110	200
Other income	1	104	-	1	15	-11	109
Total other income	**1**	**128**	**164**	**124**	**11**	**-121**	**306**
Other expenses	-29	-22	-77	-108	-140	67	-307
Other income and expenses	**-27**	**106**	**87**	**16**	**-128**	**-54**	**-1**
Result before tax	**-82**	**-963**	**38**	**13**	**-1,099**	**-230**	**-2,323**
Income tax (expense) / gain	22	249	-10	-4	290	59	606
Net result	**-61**	**-714**	**28**	**10**	**-810**	**-171**	**-1,717**
Attributable to:							
Non-controlling interests	-	1	-	-	-9	-	-8
- Shareholders of the parent	-61	-715	28	9	-848	-171	-1,757
- Holders of other equity instruments	-	-	-	-	48	-	48
Result attributable to holders of equity instruments	**-61**	**-715**	**28**	**9**	**-800**	**-171**	**-1,709**

The increase in the market interest rates in 2022 resulted in a decrease of the employee benefits of € 1.2 billion. The corresponding asset in segment Holding and Other (related to the insurance contract in Life segment based on IFRS 17 valuation) decreased accordingly with € 0.9 billion. This decrease in the employee benefits is accounted for directly in OCI (remeasurements of post-employment benefit obligation), whilst the related decrease of the corresponding asset is accounted for in the income statement as part of the investment and finance result (net fair value gains and (losses) and other finance expenses). The negative 2022 result in segment Holding and Other is mainly caused by this accounting mismatch, which is subsequently eliminated in the Eliminations (since it is related to the insurance contract in Life segment).

Operating result

2022	Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Result before tax	**-82**	**-963**	**38**	**13**	**-1,099**	**-230**	**-2,323**
Minus adjustments related to the insurance service result	-141	-171	-	-	-	-78	-390
Minus adjustments related to the investment and finance result	-185	-1,443	-	-1	-907	-158	-2,694
Minus adjustments related to the other result	-16	61	-1	-11	-78	-	-44
Operating result	**259**	**590**	**39**	**25**	**-114**	**5**	**805**

Adjustments related to the insurance service result (€ -390 million) mainly consist of future services on onerous contracts (€ -289 million) and strengthening of Disability provisions reflecting the 10% increase of the legal minimum wage as of 1 January 2023 (€ -93 million).

In 2022, adjustments related to the investment and finance result (€ -2,694 million) were mainly related to significant revaluations driven mainly by sharply rising interest rates in 2022.

Adjustments related to the other result (€ -44 million) consist of regulatory project implementation costs (IFRS 17 and IFRS 9), amortisation of intangibles identified in business combinations, M&A costs related to the business combination of a.s.r. and Aegon NL and start-up costs for innovations.

Operating result is an alternative performance measure; for more information see chapter 7.10.

Impairments

2022		Non-life	Life	Asset Management	Distribution and Services	Holding and Other	Eliminations	Total
Associates and joint ventures at equity method	Impairment	-	-	-	-	-1	-	-1
	Reversal	-	-	-	-	-	-	-
Total Impairments	**Impairment**	**-**	**-**	**-**	**-**	**-1**	**-**	**-1**
	Reversal	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total	**-**	**-**	**-**	**-**	**-1**	**-**	**-1**

7.4.4 Non-life ratios

Non-life combined ratio

	31 December 2023	31 December 2022
Claims ratio	77.0%	75.2%
Commission ratio	12.3%	14.5%
Expense ratio	6.1%	6.5%
Combined ratio	**95.4%**	**96.3%**

Non-life combined ratio per business line

	31 December 2023	31 December 2022
Property & Casualty (P&C)	93.6%	92.5%
Disability	93.5%	96.7%
P&C and Disability	93.5%	94.4%
Health	98.9%	101.2%

The claims, commission and expense ratios can be calculated based on the following information:

Claims, commission and expenses

	31 December 2023	31 December 2022
Insurance contract revenue	5,379	4,242
Allocation of reinsurance premiums paid	-122	-92
Net insurance contract revenue	**5,257**	**4,150**
Insurance claims and benefits	-4,267	-3,337
Amounts recoverable from reinsurers	110	75
Adjustment to the insurance claims and benefits	106	141
Adjusted net insurance claims and benefits	**-4,050**	**-3,122**
Insurance service operating expenses	-966	-873
Of which: Incurred commission expenses	-646	-603
Insurance service operating expenses excluding incurred commission expenses	**-320**	**-270**

The definition of Non-life ratios has changed due to the introduction of IFRS 17 Insurance contracts. Comparative figures have been adjusted accordingly.

Similar to IFRS 4, the IFRS 17 Non-life ratio indicates the insurance related profitability of a non-life insurance contract. The measurement of the Non-life ratio changed with the change in accounting regime since the underlying IFRS 4 components are no longer part of the P&L. To measure the Non-life ratio based on the new definition, the insurance service expenses are divided by the insurance contract revenue, including adjustments on the insurance service result in line with the operating result definition (see chapter 7.4.3 and chapter 7.10).

In 2023, adjustments to the insurance claims and benefits (€ 106 million) consist of € 87 million impact of changes of inflation on the Liability for Incurred Claims and € 19 million related to changes to future services on onerous contracts.

In 2022, adjustments to the insurance claims and benefits (€ 141 million) consist of € 93 million impact of the 10% increase of the legal minimum wage, € 25 million impact of changes of inflation on the Liability for Incurred Claims and € 23 million related to changes to future services on onerous contracts.

7.4.5 Acquisitions

See accounting policy H.

Acquisitions 2023

Aegon Nederland

On 4 July 2023, a.s.r. announced the completion of the business combination between a.s.r. and Aegon Ltd. (formerly known as Aegon N.V.) by acquiring the shares of Aegon NL. The consideration consists out of three elements:

- Payment of 63,298,394 newly issued ordinary shares to Aegon Ltd. (29.99% interest in a.s.r. post transaction) with a value of € 2.6 billion;
- A cash consideration of € 2.3 billion which was funded through existing surplus capital, by offering 13,805,720 new ordinary shares (accelerated bookbuild offering) in 2022 and the issuance of a Tier 2 subordinated liability of € 1 billion in 2022 and;
- Additionally, certain asset management services have been exchanged between a.s.r. and Aegon Ltd. as part of the business combination (third party mortgage and illiquid funds have moved to Aegon Ltd. while a.s.r. will manage liquid asset categories relating to the general account of Aegon NL). In aggregate, the fair value transferred to Aegon Ltd. in relation to these asset management activities is valued at € 75 million.

Aegon NL was the group company of a number of entities, the main being Aegon life, Aegon Spaarkas N.V. (Aegon spaarkas), Aegon Schadeverzekering N.V. (Aegon non-life), Knab, Aegon hypotheken, TKP Pensioen B.V. (TKP Pensions), Robidus groep B.V. and Nedasco B.V. Aegon NL and its subsidiaries are active in life insurance and pensions operations, savings and investment products, accident and health insurance, general insurance, banking operations, mortgages, pension administration and intermediary activities. Aegon NL has been legally merged into a.s.r. as per 1 October 2023. Furthermore, Aegon non-life has legally merged into ASR Schadeverzekering N.V. (a.s.r. non-life) on the same date.

With this business combination, a.s.r. will reinforce its strengths in the Dutch market, significantly enhancing its strategic positioning across both Non-Life and Life and improving its distribution and services capabilities. The Aegon name and brand will continue to exist for a period of two to three years. The main office of Aegon NL will remain located in The Hague until the end of 2024. The full integration of the activities of Aegon NL into a.s.r. will take place in phases and is expected to be largely completed within three years.

In December 2023, a.s.r. established the final acquisition balance sheet of Aegon NL, in accordance with IFRS 3 business combinations, within twelve months of the closing date. The balance sheet is based on fair value and uses the following techniques and assumptions:

- Insurance contract liabilities acquired have been measured under the GMM, VFA and PPA models and were remeasured to fair value as defined in IFRS at the date of acquisition. This resulted in a market value based on the multiple of Solvency II Eligible Own Funds Unrestricted Tier 1 methodology for the Non-Life and Life portfolios;
- Intangible assets recognised relate to customer and intermediary relationships in the Asset Management and Distribution & Services segments, Aegon NL's brand names (including Knab, TKP and Robidus) and software in the Distribution & Services segment. The valuation techniques used to measure the fair value are based on either the Multi-period Excess Earnings Method (MEEM) or the Relief from Royalty method;
- Financial assets and liabilities were remeasured to fair value at the closing date.

The fair value of the asset management services transferred as part of the business combination has been determined using a dividend discount model, taking into account an estimate of market consistent margins, the future development of portfolios in scope as well as related capital requirements.

Final fair values of the assets and liabilities acquired on acquisition date

	Acquisition date balance sheet based on fair value
Intangible assets	348
Property, plant and equipment	91
Investment property	2,409
Associates and joint ventures at equity method	207
Investments	51,862
Investments related to direct participating contracts	18,249
Derivatives	8,409
Deferred tax assets	489
Reinsurance contract assets	185
Other assets	607
Cash and cash equivalents	4,528
Total assets	**87,384**
Insurance contract liabilities	30,539
Liabilities arising from direct participating insurance contracts	23,226
Employee benefits	2,340
Provisions	44
Borrowings	5,223
Derivatives	7,987
Savings deposits	11,258
Due to banks	900
Other liabilities	786
Total liabilities	**82,304**
Net assets and liabilities	**5,080**
Less consideration paid	4,917
Less Non-controlling interests	10
Gain as a result of the purchase	**153**

The gain as a result of the purchase is directly recognised as other income in the income statement on the acquisition date. The gain mainly reflects the IFRS requirement to identify and value intangible assets which have previously not been recognised on the balance sheet of Aegon NL as these have been internally generated. Through the acquisition accounting under IFRS, these previously unrecognised intangible assets are recognised in the acquisition balance sheet. The gain arose as a result of Aegon Ltd. making a strategic decision to sell Aegon NL, as this fits in the Aegon Ltd's strategy to accelerate its ambition to create leading businesses outside the Netherlands. The gain as a result of the purchase is tax-exempt, attributed to the acquirer a.s.r. and not allocated to the Non-life, Life or other segments.

Cash and cash equivalents related to the acquisition

	Acquisition date
Cash consideration paid	-2,260
Acquired cash and cash equivalents	4,528
Increase in cash and cash equivalents at acquisition date	**2,268**

The consolidated statement of comprehensive income of a.s.r. for the first year includes € 3,298 million revenue and - € 73 million result after tax relating to Aegon NL for the period commencing 4 July 2023. The revenue and profit of the combined entity for the current period, as though the acquisition date for the business combination of Aegon NL had been as of the beginning of 2023, would have been € 5.992 million revenue and € 164 million profit after tax. The acquisition-related costs recognised as expense amount to € 15 million including VAT (of which € 11 million incurred in 2023) and are included in the line-item other expenses in the income statement.

Other acquisitions
a.s.r. acquired an entity in segment Non-life and three entities in segment Distribution and Services.

Acquisitions 2022
Wind farms Jaap Rodenburg, Nieuwe Hemweg and Strekdammen and solar park Pesse
In 2022, ASR Infrastructure Renewables B.V. completed the acquisitions of the assets and liabilities of wind farms Jaap Rodenburg, Nieuwe Hemweg, Strekdammen and solar park Pesse.

Other acquisitions
ASR Real Estate B.V. acquired the assets and liabilities of a consultancy company as of 1 May 2022. a.s.r. established the final acquisition balance sheet in the first half year of 2023. VKG acquired a distribution and services company as of 1 July 2022 and a.s.r. established the final acquisition balance sheet in the second half year of 2023.

7.5 Notes to the consolidated balance sheet

7.5.1 Intangible assets

See accounting policy C.

Intangible assets

	31 December 2023	31 December 2022
Goodwill	234	234
Other intangible assets	415	89
Total intangible assets	**649**	**322**

Intangible assets

	Goodwill	Other intangible assets	Total 2023	Total 2022
Cost price	247	491	738	376
Accumulated amortisation and impairments	-13	-76	-89	-54
At 31 December	**234**	**415**	**649**	**322**
At 1 January	234	89	322	310
Acquisition	-	5	5	11
Amortisation and impairments	-13	-30	-43	-11
Transfer	-	-	-	-2
Changes in the composition of the group	14	350	364	15
At 31 December	**234**	**415**	**649**	**322**

Changes in the composition of the group relates to the intangible assets acquired through the acquisition of Aegon NL, see chapter 7.4.5. Intangible assets acquired relates mainly to customer relationships, trade names and software.

Goodwill

For the purpose of impairment testing, goodwill is allocated to the CGU's of the relevant operating segment.

Goodwill allocation per segment

	31 December 2023	31 December 2022
Non-life	16	13
Life	43	43
Asset Management	35	35
Distribution and Services	140	142
Total goodwill	**234**	**234**

Goodwill has an indefinite useful life and is not amortised. a.s.r. performs an impairment test annually, or more frequently if events or circumstances warrant so, to ascertain whether goodwill has been subject to impairment.

For the CGU's within the Non-life, Life and Asset Management segments, the results of these tests, using updated multiples and discount rates, show excess recoverable values over the book values and no goodwill impairment is recognised. A deterioration within reasonable limits on one of the assumptions in isolation would not lead to an impairment. The buffer is also capable of absorbing a combination of negative factors. However, should circumstances on multiple factors deteriorate significantly, it could lead to a negative outcome for the buffer (the difference between the recoverable value and the book value).

Segment Distribution and Services

The goodwill impairment test was conducted at the CGU's within the Distribution and Services segment. The outcomes of the goodwill tests on step 1 showed that the differences between the recoverable amounts and the carrying values is sufficient to support the amounts of goodwill allocated to the CGU's for nearly all CGU's. These CGU's still have a sufficient positive headroom and management believes that any reasonable possible change in the key assumptions on which all CGU's recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

In light of last year's impairment, for one CGU an in depth analysis was performed in order to determine a recoverable amount in a manner that better addresses the specific characteristics of this CGU. The CGU's operating activities concern those of a distribution partner and service provider. In step 2, future cash flows are based on expected market developments and past experience and on the long-term characteristics of the markets in which the CGU operates.

The resulting value in use is not sufficient to support the amount of goodwill allocated to that CGU. The increased competitiveness in the market and lower organic growth results in a lower recoverable value. The consequence for this CGU is an impairment loss on the goodwill charged to the income statement amounting to € 13 million.

Other intangible assets

The other intangible assets mainly relate to Aegon NL, Distribution and Services, a.s.r. IORP and Loyalis. The other intangible assets mainly relate to customer relationships, trade names and software. The other intangible assets are amortised straight-line over their useful life, which is determined individually (between 5 and 20 years). The amortisation charges on other intangible assets are recorded in the operating and other expenses (see chapter 7.6.11).

7.5.2 Property, plant and equipment

See accounting policies O and U.

Property, plant and equipment

	31 December 2023	31 December 2022
Land and buildings for own use	168	115
Plant	417	480
Equipment	63	24
Property, plant and equipment owned	**648**	**618**
Land and buildings	77	53
Vehicles	7	8
Right-of-use assets	**84**	**61**
Total property, plant and equipment	**732**	**679**

Changes in property, plant and equipment

	Land and buildings for own use	Plant	Equipment	Right-of-use Assets	Total 2023	Total 2022
At 1 January	115	480	24	61	679	556
Additions	-	-	23	6	29	179
Transfers to Investment property	-	-	-	-	-	-18
Depreciations	-5	-22	-11	-12	-50	-37
Revaluations through profit of loss	-	-26	-	-	-26	-5
Revaluations through equity	20	-15	-	-	5	13
Other	-	1	-	3	3	-9
Changes in the composition of the group	37	-	27	27	91	-
At 31 December	**168**	**417**	**63**	**84**	**732**	**679**
Gross carrying amount as at 31 December	285	457	189	129	1,061	859
Accumulated depreciation as at 31 December	-118	-40	-126	-45	-329	-180
Net carrying value as at 31 December	**168**	**417**	**63**	**84**	**732**	**679**
Revaluation surplus						
At 1 January	30	21	-	-	50	38
Revaluation in the year	20	-15	-	-	5	13
Other	-1	-	-	-	-1	-
Changes in the composition of the group	-1	-	-	-	-1	-
At 31 December	**48**	**6**	**-**	**-**	**54**	**50**

Changes in the composition of the group relates to the property acquired through the acquisition of Aegon NL, see chapter 7.4.5.

Depreciation of property, plant and equipment is recorded in the operating and other expenses, see chapter 7.6.11.

The fair value of land and buildings for own use is based on the external valuations and the significant inputs for the fair value of plant are disclosed in 7.7.1.3.

Property, plant and equipment consists mainly of assets expected to have a useful life of more than one year after the balance sheet date.

7.5.3 Investment property

See accounting policy D.

Changes in investment property

	2023	2022
At 1 January	664	2,052
Changes in value of investments, realised/unrealised gains and losses:		
- Fair value gains and losses	-65	122
Purchases	79	59
Issues	-	3
Disposals	-36	-159
Transferred from property and equipment	-	18
Transfer of real estate equity funds to investments	-	-1,431
Changes in the composition of the group	2,409	-
At 31 December	**3,051**	**664**

Changes in the composition of the group relates to the investment property acquired through the acquisition of Aegon NL, see chapter 7.4.5. Purchases in 2023 mainly relates to residential (€ 59 million) and offices (€ 17 million). Disposals relates to residential (€ -36 million).

Investment property is leased to third parties and is diversified over the rural, residential, offices and retail sectors and over property under development in the Netherlands. The significant inputs are the net initial yield and market rental value. For more information see chapter 7.7.1.

Rental income is recognised as direct investment income. In 2023, rentals amounted to € 91 million (2022: € 58 million). The rental income has increased due to the acquisition of Aegon NL.

Direct operating expenses arising from investment property amounted to € 29 million (2022: € 9 million). Given the overall low vacancy rate, virtually all direct operating expenses relate to investment properties generating rental income. Direct operating expenses of investment property are classified as operating and other expenses within the investment operating expenses.

Investment property consists mainly of assets expected to be recovered after more than one year after the balance sheet date.

7.5.4 Associates and joint ventures

See accounting policy P.

Associates and joint ventures

	Interest	31 December 2023	31 December 2022
At equity method			
Associates and joint ventures	ranging between 10 % and 50 %	298	79
At fair value through profit or loss			
Real estate equity funds	ranging between 30 % and 85 %	4,689	3,557
Mortgage equity funds	ranging between 5 % and 20 %	688	705
Other equity funds	ranging between 1 % and 10 %	247	67

The amount of € 298 million consists of € 254 million associates and € 44 million joint ventures.

The joint venture at equity method acquired through the acquisition of Aegon NL, see chapter 7.4.5, is the real estate company Amvest Vastgoed B.V.

The main associates at equity method acquired through the acquisition of Aegon NL are OB Capital Cooperatief U.A. and N.V. Levensverzekering-Maatschappij 'De Hoop'.

The real estate equity funds acquired through the acquisition of Aegon NL are Amvest Residential Core Fund (Amvest RCF), Amvest Living & Care Fund (Amvest LCF) and Amvest Development Fund (Amvest DF).

The real estate equity funds consist of the ASR Dutch Mobility Office Fund (ASR DMOF), ASR Dutch Prime Retail Fund (ASR DPRF), ASR Dutch Core Residential Fund (ASR DCRF), ASR Dutch Farmland Fund (DFLF), and the real estate equity funds acquired through the acquisition of Aegon NL.

The mortgage equity funds consists of the ASR Mortgage Fund (ASR MF).

The other equity funds consists of five (2022: two) equity funds managed by a.s.r.

The interests in these funds are classified and presented as an investment at FVTPL. For more information, see chapter 7.5.5 and chapter 7.7.1.

Investments in associates and joint ventures generally have a duration of more than one year after the balance sheet date.

Changes in associates and joint ventures at equity method

	2023	2022
At 1 January	79	102
Acquisition	18	-
Disposal	-8	-
Share of profit/(loss)	8	-3
Impairments	-	-1
Dividend	-3	-21
Other changes	-3	2
Changes in the composition of the group	208	-
At 31 December	**298**	**79**

Changes in the composition of the group relates to the associates and joint ventures acquired through the acquisition of Aegon NL, see chapter 7.4.5.

Some participating interests in which a.s.r. has an interest of less than 20% qualify as associates, because a.s.r. has significant influence as a result of contractual agreements. a.s.r. also has interests of 50% or more in associates at fair value through profit or loss. a.s.r. has no control over these entities as the ability to direct the relevant activities is limited by contractual agreements and therefore does not consolidate these entities.

The information disclosed in the tables below is based on the most recent financial information available from the associates and joint ventures. This is primarily based on the investee's financial statements and their accounting policies. If these policies differ from a.s.r.'s accounting policies, carrying amounts in a.s.r.'s consolidated financial statements have been changed to be in line with a.s.r.'s policies.

Financial information available from the associates and joint ventures

	31 December 2023					31 December 2022				
	Associates and joint ventures at equity method	Real estate equity funds	Mortgage equity funds	Other equity funds	Total	Associates and joint ventures at equity method	Real estate equity funds	Mortgage equity funds	Other equity funds	Total
Total assets	491	11,276	8,457	7,815	28,039	318	6,021	7,885	4,124	18,348
Total liabilities	159	1,518	69	10	1,756	161	295	113	-	569
Total income	223	398	379	1,151	2,152	194	211	-1,679	-668	-1,942
Result	19	-313	343	1,145	1,194	-8	241	-1,714	-670	-2,151
Total comprehensive income	11	-313	343	1,145	1,186	-8	241	-1,714	-670	-2,151

The increase in assets and liabilities of the real estate equity funds mainly relates to the additions as a result of the acquisition of Aegon NL. The increase in assets and liabilities of other equity funds mainly relates to the investment in three additional funds.

The total assets of the real estate equity funds consist primarily of investment property, € 10,723 million (2022: € 5,777 million). The total assets of the mortgage equity funds consist primarily of mortgages, € 8,279 million (2022: € 7,708 million) and € 7,760 million (2022: € 4,101 million) of the total assets of the other equity funds consist of equities.

The interest in the real estate equity funds are as follows:

Investments in real estate equity funds

	31 December 2023	31 December 2022
ASR DPRF	598	625
ASR DCRF	957	1,066
ASR DMOF	123	138
ASR DFLF	1,679	1,728
Amvest RCF	928	-
Amvest LCF	276	-
Amvest DF	127	-
Total	**4,689**	**3,557**

At a glance
Message from the CEO
Business and strategy
How a.s.r. operates
Business performance
Governance
Non-financial statements
Financial statements
Introduction
Consolidated financial statements
Accounting policies
Group structure and segment information
Notes to the consolidated balance sheet
Notes to the consolidated income statement
Other notes
Risk management
Capital management
Operating result
Company financial statements
Additional information
Appendix

7.5.5 Investments

See accounting policy E.

Investments

	31 December 2023	31 December 2022
At FVTPL	74,380	39,031
At FVOCI	3,312	2,046
At amortised cost	14,775	-
Total investments	**92,466**	**41,077**

7.5.5.1 Investments at FVTPL

Investments at FVTPL

	31 December 2023	31 December 2022
Financial investments - transferred under repurchase agreements		
Government bonds	213	437
Financial investments - own risk		
Real estate equity funds	5,380	4,092
Mortgage equity funds	997	1,008
Debt equity funds	772	-
Government bonds	15,854	8,872
Corporate bonds	9,948	7,272
Asset-backed securities	3,013	413
Other investment funds	2,153	1,605
Equities	247	67
Mortgage loans	24,494	9,074
Private loans	11,309	6,191
Total investments at FVTPL	**74,380**	**39,031**

Investments at FVTPL mainly increased due to the assets acquired through the acquisition of Aegon NL (see chapter 7.4.5). Government bonds were sold to finance the acquisition of Aegon NL. Private loans increased mainly due to new reverse repurchase agreements.

Private loans consists for € 2,285 million (2022: € 2,293 million) of savings-linked mortgage loans. The claim related to cash collateral paid on derivative instruments, included in private loans, amounts to € 1,091 million (2022: € 1,633 million).

a.s.r. has bonds amounting to € 3,483 million (2022: € 3,237 million), shares amounting to € 24 million (2022: nil) and cash amounting to € 750 million (2022: € 600 million) (see chapter 7.5.10) that have been transferred, but do not qualify for derecognition. The majority of these investments are part of a securities lending programme whereby the investments are lent in exchange for a fee with collateral obtained as a security. The collateral furnished as security representing a fair value of € 5,067 million (2022: € 4,914 million) consists of mortgage loans and corporate and government bonds. See accounting policy M about securities lending.

For the real estate equity funds and mortgage equity funds for which a.s.r. has significant influence the exemption of IAS 28 was used, thereby measuring the investments at FVTPL and presenting them as a separate category within the investments at FVTPL. For a breakdown of the real estate equity funds and mortgage equity fund, see chapter 7.5.4.

At year-end 2023 and 2022, debt instruments at FVTPL consisted entirely of investments mandatorily measured as such.

Based on their contractual maturity, an amount of € 57,936 million (2022: € 26,993 million) of fixed income investments is expected to be recovered after more than one year after the balance sheet date. For assets without a contractual maturity date, it is expected that they will be recovered after more than one year after the balance sheet date.

For more detailed information about the fair value valuation of the investments, see chapter 7.7.1.

7.5.5.2 Investments at FVOCI

Investments at FVOCI

	31 December 2023	31 December 2022
Government bonds	359	-
Corporate bonds	521	-
Equities	2,348	1,743
Preference shares	79	297
Other participating contracts	5	6
Total investments at FVOCI	**3,312**	**2,046**

Investments at FVOCI mainly increased due to the assets acquired through the acquisition of Aegon NL (see chapter 7.4.5).

a.s.r. sold equity instruments held at FVOCI for an amount of € 953 million (2022: € 772 million) in the ordinary course of business. The sales resulted in a gain of € 85 million (2022: gain € 140 million).

Based on their contractual maturity, an amount of € 522 million (2022: nil) of debt instruments is expected to be recovered after more than one year after the balance sheet date. For assets without a contractual maturity date, it is expected that they will be recovered after more than one year after the balance sheet date.

7.5.5.3 Investments at amortised cost

Investments at amortised cost

	31 December 2023	31 December 2022
Mortgage loans	14,590	-
Private loans	185	-
Total investments at amortised cost	**14,775**	**-**

Investments at amortised costs increased due to the assets acquired through the acquisition of Aegon NL (see chapter 7.4.5).

Certain mortgage loans shown within the category investments at amortised cost are designated in portfolio fair value interest rate hedging relationships, and are fair valued with respect to the hedged interest rate. For 2023, this resulted in a higher carrying value of € 289 million (2022: nil). None of the financial assets has been reclassified during the financial year.

Based on their contractual maturity, an amount of € 13,929 million (2022: nil) of debt instruments is expected to be recovered after more than one year after the balance sheet date. For assets without a contractual maturity date, it is expected that they will be recovered after more than one year after the balance sheet date.

7.5.6 Investments related to direct participating insurance contracts

See accounting policy E.

Investments related to direct participating insurance contracts

	31 December 2023	31 December 2022
Real estate equity funds	278	170
Mortgage equity funds	271	252
Debt equity funds	18	-
Government bonds	6,013	1,543
Corporate bonds	2,936	1,386
Asset-backed securities	351	-
Other investment funds	1,197	-
Derivatives	98	-
Equities	14,252	6,486
Mortgage loans	1,357	-
Private loans	208	-
Other investments	3,375	76
Total investments related to direct participating insurance contracts	**30,352**	**9,912**

Investments related to direct participating insurance contracts mainly increased due to the assets acquired through the acquisition of Aegon NL, see chapter 7.4.5.

Investments related to direct participating insurance contracts are mandatorily measured at FVTPL.

Direct participating insurance contracts are managed on behalf of policyholders on a fair value basis. Although individual instruments may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of a.s.r.

7.5.7 Derivatives

See accountingpolicy E.

Derivatives

	31 December 2023		31 December 2022	
	Asset	Liability	Asset	Liability
Derivatives not designated in a hedge	11,447	9,240	5,761	5,681
Derivatives designated as fair value hedges	1,461	892	-	-
Total	**12,907**	**10,132**	**5,761**	**5,681**

Derivatives consist primarily of derivatives used to hedge interest rate movements. Derivatives are classified mandatorily as FVTPL and changes in the fair value of derivatives at FVTPL are recorded in net fair value gains and (losses), see chapter 7.6.5.

Derivatives held for mortgage loans (Knab and Aegon hypotheken) are designated under fair value hedge accounting using the EU carve-out on hedge accounting, only net accounting ineffectiveness has an impact on the net result (for more information, see below under hedge accounting).

a.s.r. trades both cleared and non-cleared derivatives on the basis of standardised contracts and exchanges cash variation margin with its counterparties. The derivatives are valued daily and cash collateral is exchanged to reflect the change in mark-to-market (MtM) of the derivatives. Because of this periodic margining process, counterparty risk on derivatives is negligible.

In addition to the above variation margin obligations, there is also an initial margin obligation for central cleared derivatives which further reduces the risk of a.s.r. and its counterparties that they cannot fulfil their obligations.

Notional amounts are not recognised as assets or liabilities in the balance sheet, however notional amounts are used in determining the fair value of the derivatives. Notional amounts do not reflect the potential gain or loss on a derivative transaction.

Derivatives by type of instrument

	31 December 2023			31 December 2022		
	Asset	Liability	Notional amount	Asset	Liability	Notional amount
Foreign exchange contracts	57	116	4,936	80	29	2,924
Interest rate contracts						
- Swaps	11,655	9,766	198,897	5,116	5,653	72,854
- Options	709	59	8,539	275	-	2,781
- Futures	78	91	3,278	215	-	1,176
Inflation linked swaps	358	21	2,794	44	-	290
Equity index contracts	49	79	10,463	31	-	643
Credit default swaps	-	-	45	-	-	-
Total derivatives	**12,907**	**10,132**	**228,952**	**5,761**	**5,681**	**80,667**

The derivatives do not include the derivatives relating to direct participating insurance contracts of € 98 million (2022: nil).

Derivatives increased due to the derivatives acquired through the acquisition of Aegon NL, see chapter 7.4.5. In addition, derivatives increased primarily as a result of positive revaluations due to decreasing interest rates.

In addition to the use of swaps and options a.s.r. manages interest rate risk by using bond forwards, included in interest rate contracts futures.

The notional amounts of both receiver and payer swaps are included in the total notional amounts of foreign exchange contracts.

The fair value of interest rate contracts is calculated by first determining the cash flows of the floating leg based on the Euribor-curve corresponding the interest reset period (3 months, 6 months or 12 months) of the swap. Then the net present value of the floating and fixed leg is determined by discounting the cash flows with the relevant curve (such as €STR, SOFR and SONIA).

The fair value of the interest rate contracts using the above valuation method form the basis for the amount of collateral that is exchanged between a.s.r. and its counterparties in accordance with the underlying contracts. For more information see chapter 7.8 on risk management.

Of the derivatives € 11,638 million assets (2022: € 4,939 million) and € 8,967 million liabilities (2022: € 5,629 million) is expected to be recovered respectively settled more than one year after the balance sheet date.

Transition
Throughout the world, a transition is taking place from interbank offered rates (IBORs) to alternative benchmarks. In the EU, the transition to alternative interest-rate benchmarks is governed by the Benchmark Regulation (BMR). Pursuant to the BMR, IBOR based contracts need to be amended to reference alternative rates or to be provided with a fallback option.

The transition away from IBORs has mainly affected a.s.r.'s derivative book, which is measured at fair value through profit or loss. Although most references under these derivatives remain BMR compliant, the Cash Collateral Interest Rate, and consequently discount rates, have required amendments towards Alternative Reference Rates (ARRs).

In the past years, all relevant contracts referencing Ibors (except Euribor) have been amended to reflect ARRs.

Hedge accounting
Macro fair value hedge accounting under the EU carve-out is applied by subsidiaries Knab and Aegon hypotheken (continuing practice post-acquisition).

Derivatives designated as fair value hedges

	2023	2022
Fair value changes mortgage loans recognised in profit or loss under EU carve-out	329	-
Offset amount of fair value changes recognised on derivatives used as hedging instrument	-326	-
Total accounting ineffectiveness under EU carve-out recognised in profit or loss	**3**	**-**

7.5.8 Deferred taxes

Deferred taxes

	31 December 2023	31 December 2022
Deferred tax assets	636	318
Net Deferred tax	**636**	**318**

Deferred taxes are formed for differences between the carrying amount of assets and liabilities and their tax base at the enacted tax rate, taking into account tax-exempt components. The current tax rate is 25.8% (2022: 25.8%). The deferred taxes are calculated with the enacted tax rate of 25.8%.

Deferred tax assets and liabilities are expected to be recovered more than one year after the balance sheet date.

Changes in deferred taxes

	1 January 2023	Changes recognised in profit or loss	Changes recognised in other comprehensive income	Changes in composition of the group	31 December 2023
Financial assets held for trading	147	-244	-	-122	-219
Investments	87	-572	-49	1,083	549
Investment property	-76	15	-	-646	-707
Property, plant and equipment	-16	8	-1	13	4
Intangible assets	-19	5	-	-69	-83
Liabilities arising from insurance contracts	487	402	-	581	1,470
Employee benefits	-86	-9	42	-127	-180
Amounts received in advance	-	-11	-	-67	-78
Fiscal reserves	-82	22	-	-	-60
Other	-123	222	-	-159	-61
Net deferred tax	**318**	**-161**	**-9**	**487**	**636**

Changes in deferred taxes

	1 January 2022	Changes recognised in profit or loss	Changes recognised in other comprehensive income	Changes in composition of the group	31 December 2022
Financial assets held for trading	-1,332	1,479	-	-	147
Investments	-1,217	1,235	68	-	87
Investment property	-400	324	-5	5	-76
Property, plant and equipment	-20	2	2	-	-16
Intangible assets	-21	2	-	-	-19
Liabilities arising from insurance contracts	3,071	-2,584	-	-	487
Employee benefits	48	174	-308	-	-86
Fiscal reserves	-187	105	-	-	-82
Other	55	-178	-	-	-123
Net deferred tax	**-3**	**559**	**-244**	**6**	**318**

In 2023, the increase in the deferred tax asset is mainly caused by the acquisition of Aegon NL, see chapter 7.4.5. Deferred taxes recognised in other mainly relates to the adoption of new accounting standards IFRS 9 and IFRS 17 and to the acquisition of Aegon NL.

7.5.9 Other assets

See accounting policy Q.

Other assets

	31 December 2023	31 December 2022
Financial assets		
Due from customers	17	16
Other receivables	1,109	234
Impairments	-34	-4
	1,092	**247**
Non-financial assets		
Taxes receivable	68	120
Prepaid costs	30	7
Property developments	27	30
Other non-financial assets	48	55
	172	**213**
Total other assets	**1,265**	**460**

The increase in other receivables is mainly due to the acquisition of Aegon NL, see chapter 7.4.5.

Changes in impairments

	2023	2022
At 1 January	-4	-5
Increase in impairment through profit and loss	-22	-
Reversal of impairment through profit and loss	1	-
Reversal of impairment due to disposal	25	-
Other	-	1
Changes in the composition of the group	-34	-
At 31 December	**-34**	**-4**

Changes in the composition of the group relates to the assets acquired through the acquisition of Aegon NL, see chapter 7.4.5.

An amount of € 1,237 million (2022: € 423 million) of other assets is expected to be recovered less than or equal to one year after the balance sheet date.

7.5.10 Cash and cash equivalents

See accounting policy R.

Cash and cash equivalents

	31 December 2023	31 December 2022
Due from banks	4,681	1,645
Due from banks falling due within three months	3,229	601
Total cash and cash equivalents	**7,910**	**2,246**

a.s.r. has cash amounting to € 3.229 million (2022: € 601 million) that has been transferred as part of a securities lending programme, but does not qualify for derecognition. For more information see chapter 7.5.5.1.

Cash and cash equivalents include cash and demand balances held at DNB. DNB requires Knab to place 1% of their deposits with agreed maturity or the savings accounts (without restrictions to withdraw their money) in an account with DNB. These deposits are not freely available. This so-called minimum reserve is renewed each maintenance period consisting of approximately 6 weeks. An interest of 2,2% is received on this minimum reserve (2022: 2,5%).

Deposit with DNB

	2023	2022
Average balance on deposit with DNB at year-end	70	198
Average minimum required balance on deposit by DNB for year-end	84	82

All other cash and cash equivalents are freely available. The cash components include € 2,824 million (2022: € 249 million) related to cash collateral received on derivative instruments and is managed separately from other cash equivalents.

The claim related to cash collateral paid on derivative instruments is included in the amount loans to credit institutions (see chapter 7.5.5.2). Debt related to cash collateral received on derivatives instruments is included in the amount due to banks (see chapter 7.5.19).

Interest expenses on cash collateral is mainly based on €STR (2022: €STR).

7.5.11 Equity

See accounting policy S.

7.5.11.1 Share capital

Share capital

	31 December 2023		31 December 2022	
	Number of Shares (in millions)	Amounts (in € millions)	Number of Shares (in millions)	(Amount (in € millions)
Ordinary shares				
- Authorised capital; par value of € 0.16	325	52	325	52
- Of which unsubscribed	114	18	175	28
Subscribed and paid-up capital	**211**	**34**	**150**	**24**
Preference shares				
- Authorised capital; par value of € 0.16	325	52	325	52
- Of which unsubscribed	325	52	325	52
Subscribed and paid-up capital	**-**	**-**	**-**	**-**

Movements in the share capital for 2023 comprises an increase of 63,298 thousand shares as a result of issued share capital to finance the business combination of a.s.r. and Aegon NL (see chapter 7.4.5) and a decrease as a result of the cancellation of 1,798 thousand treasury shares (see chapter 7.5.11.5).

7.5.11.2 Share premium reserve

The share premium reserve increased by € 2,537 due to issued share capital to finance the business combination of a.s.r. and Aegon NL (€ 2,572 million) and the cancellation of 1,798 thousand treasury shares (€ - 35 million), as approved at the AGM in May 2023, see chapter 7.5.11.5.

7.5.11.3 Unrealised gains and losses recorded in equity

Unrealised gains and losses recorded in equity

	31 December 2023			31 December 2022		
	Investments at FVOCI	Revaluation of property in own use and plants	Total	Investments at FVOCI	Revaluation of property in own use and plants	Total
Gross unrealised gains and losses	414	54	467	267	50	317
Related tax	-72	-13	-85	-38	-13	-51
Total unrealised gains and losses recorded in equity	**342**	**41**	**383**	**228**	**37**	**266**

7.5.11.4 Actuarial gains and losses

The balance of actuarial gains and losses related to the pension obligation decreased in 2023 by € 120 million after tax and € 162 million before tax (2022: increased by € 887 million after tax and € 1,195 million before tax). The decrease is mainly due to an increase in the discount rate (see chapter 7.5.15).

7.5.11.5 Treasury shares

In January 2023, a.s.r. announced the share repurchase programme for the employee share plan for an amount of € 10 million. Therefore, during 2023, a.s.r. repurchased 233 thousand shares under an open market share buyback programme for an amount of € 10 million (average share price € 42.87).

As part of the employee share purchase plan a.s.r. sold 159 thousand shares (2022: 124 thousand shares) for an amount of € 5 million (2022: € 4 million), leading to a decrease of € 1 million (2022: € 0.2 million) in retained earnings. For more information on the employee share purchase plan, see chapter 7.7.5.

In the AGM in May 2023 the resolution was adopted to cancel 1,798 thousand shares which were acquired in 2022. The cancellation was effected in August 2023.

The amount of treasury shares held at year-end of € 7 million (2022: € 79 million) represents 179 thousand treasury shares (2022: 1,903 thousand).

7.5.11.6 Other equity instruments

Other equity instruments

	2023	2022	Coupon date	First possible redemption date
Hybrid Tier 2 instrument 5% fixed interest	497	497	Annually with effect from 30 September 2015	30 September 2024
Restricted Tier 1 instrument 4.625% fixed interest	507	507	Semi-annually with effect from 19 April 2018	19 October 2027
Total other equity instruments	**1,004**	**1,004**		

The Tier 1 and Tier 2 instruments bear discretionary interest and have no maturity date, but can be redeemed at the option of a.s.r. on any coupon due date from the above mentioned possible redemption date.

The Tier 1 and Tier 2 instruments have subordination provisions, rank junior to all other liabilities and senior to only shareholder's equity. The conditions of the securities contain certain provisions for optional and required coupon payment deferral and mandatory coupon payment events.

The coupon payments in respect of the Tier 1 and Tier 2 instruments are deductible for tax purposes.

Distributed amounts to holders of equity instruments as discretionary interest

	2023	2022
Hybrid Tier 2 instrument 5% fixed interest	25	25
Restricted Tier 1 instrument 4.625% fixed interest	23	23
Total distributed amounts	**48**	**48**

The Tier 1 and Tier 2 instruments are classified as equity as there is no requirement to settle the obligation in cash or another financial asset or to exchange financial assets or financial liabilities under conditions that are potentially unfavourable for a.s.r.

7.5.11.7 Earnings per share

Basic earnings per share at year-end

	2023	2022 restated
Net result attributable to holders of ordinary shares for calculating the earnings per ordinary share	**1,038**	**-1,757**
Weighted average number of ordinary shares in issue	178,838,730	137,004,580
Basic earnings per ordinary share (in euros)	**5.80**	**-12.83**

Diluted earnings per share at year-end

	2023	2022 restated
Net result	1,038	-1,757
- effect of Restricted Tier 1 capital instrument	17	17
Adjusted net result attributable to holders of ordinary shares for calculating the diluted earnings per ordinary share	**1,055**	**-1,740**
Weighted average number of ordinary shares in issue	178,838,730	137,004,580
Weighted average number of ordinary shares resulting from conversion of bonds Restricted Tier 1	21,645,022	21,645,022
Weighted average number of shares used to calculate the diluted earnings per ordinary share	**200,483,751**	**158,649,601**
Diluted earnings per ordinary share (in euros)	**5.26**	**-10.97**

Net result in the table is after tax and non-controlling interests.

For additional information related to net result, see chapter 7.2.2.

7.5.12 Subordinated liabilities

See accounting policy T.

Subordinated liabilities

	Nominal amount	Carrying value 2023	Carrying value 2022
Hybrid Tier 2 instrument 5.125% fixed interest	500	506	505
Hybrid Tier 2 instrument 3.375% fixed interest	500	507	506
Hybrid Tier 2 instrument 7.000% fixed interest	1,000	992	994
Total subordinated liabilities	**2,000**	**2,005**	**2,005**

In 2015, a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 notes, first callable on 29 September 2025, and maturing on 29 September 2045. The coupon is fixed at 5.125% and paid annually on 29 September with a step up at the first call date.

In 2019 a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 notes. The bond has a maturity date of 2049 and is first callable 3 months before the first reset date of 2 May 2029. The coupon is fixed at 3.375% and paid annually on 2 May. After the reset date the interest is calculated based on the 5 Year Mid Swap Rate plus a margin of 4.00 per cent and updated once every five years.

On 22 November 2022 a.s.r. issued € 1 billion subordinated liabilities, qualified as Tier 2 notes, to partially finance the business combination with Aegon NL. The Tier 2 notes have a maturity date of 2043 and are first callable on 7 December 2033. The coupon is fixed at 7.000% and paid annually on 7 December.

These notes are subordinated and ranking equally without any preference amongst themselves and (a) junior to the claims of all senior creditors of a.s.r., (b) equally with any parity obligations and (c) in priority to claims in respect of (i) any equity securities and (ii) any junior obligations.

The subordinated liabilities are classified as liabilities given the obligation to settle the loans and pay the coupon. They are considered Tier 2 own funds for regulatory purposes.

7.5.13 Insurance contract liabilities and reinsurance contract assets

See accounting policies F.

Insurance and reinsurance contracts

	Assets		Liabilities	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Non-life - GMM	-	-	5,401	3,963
Non-life - PAA	-	-	1,803	1,751
Non-life insurance contracts	**-**	**-**	**7,205**	**5,713**
Life - GMM	-	-	56,063	25,900
Life insurance contracts	**-**	**-**	**56,063**	**25,900**
Pre-recognition cash flows	-	-	34	27
Total insurance contracts	**-**	**-**	**63,302**	**31,640**
Non-life - GMM	209	190	-	-
Non-life - PAA	75	58	-	-
Life - GMM	211	129	-	-
Life - PAA	6	4	-	-
Total reinsurance contracts	**501**	**381**	**-**	**-**

Pre-recognition cash flows consists of prepaid premiums for insurance contracts not yet recognised.

The tables in the following paragraphs show the movements in insurance contract balances for the different measurement models.

7.5.13.1 Non-life - GMM and PAA

Non-life - GMM

Changes in insurance contracts by remaining coverage and incurred claims current year

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
Assets	-	-	-	-
Liabilities	-248	20	4,191	3,963
At 1 January 2023	**-248**	**20**	**4,191**	**3,963**
Changes in the income statement				
Insurance contract revenue of which:	-1,686	-	-	-1,686
Contracts recognised from transition date and retrospective approach	-839	-	-	-839
Contracts under the modified retrospective approach	-306	-	-	-306
Contracts under the fair value approach	-541	-	-	-541
Insurance service expenses				
New incurred claims and benefits	-	-13	1,392	1,379
Changes related to past services	-	-	-9	-9
Losses and reversals of losses on onerous contracts	-	19	-	19
Claims and benefits	**-**	**6**	**1,383**	**1,389**
Other insurance service operating expenses	-	-	264	264
Amortisation of insurance acquisition cash flows	24	-	-	24
Insurance service operating expenses	**24**	**-**	**264**	**288**
Total insurance service expenses	**24**	**6**	**1,648**	**1,677**
Insurance service result	**-1,662**	**6**	**1,648**	**-9**
Net finance expenses (income) from insurance contracts	22	-	173	196
Total changes in the income statement	**-1,640**	**6**	**1,821**	**187**
Cash flows				
Premiums received	1,658	-	-	1,658
Insurance service expenses paid, including investment components	-	-	-1,346	-1,346
Insurance acquisition cash flows	-32	-	-	-32
Total cash flows	**1,626**	**-**	**-1,346**	**280**
Changes in the composition of the group	972	-	-	972
At 31 December 2023	**710**	**26**	**4,666**	**5,401**

Changes in the composition of the group relates to the liabilities acquired through the acquisition of Aegon NL, see chapter 7.4.5.

Changes in insurance contracts by remaining coverage and incurred claims prior year

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
At 1 January 2022	**95**	**84**	**4,544**	**4,723**
Changes in the income statement				
Insurance contract revenue of which:	-1,451	-	-	-1,451
Contracts recognised from transition date and retrospective approach	-207	-	-	-207
Contracts under the modified retrospective approach	-252	-	-	-252
Contracts under the fair value approach	-992	-	-	-992
Insurance service expenses				
New incurred claims and benefits	-	-80	1,093	1,013
Changes related to past services	-	-	269	269
Losses and reversals of losses on onerous contracts	-	15	-	15
Claims and benefits	**-**	**-65**	**1,362**	**1,297**
Other insurance service operating expenses	-	-	232	232
Amortisation of insurance acquisition cash flows	9	-	-	9
Insurance service operating expenses	**9**	**-**	**232**	**241**
Total insurance service expenses	**9**	**-65**	**1,594**	**1,539**
Insurance service result	**-1,441**	**-65**	**1,594**	**88**
Net finance expenses (income) from insurance contracts	-323	-	-830	-1,152
Total changes in the income statement	**-1,764**	**-65**	**764**	**-1,064**
Cash flows				
Premiums received	1,443	-	-	1,443
Insurance service expenses paid, including investment components	-	-	-1,117	-1,117
Insurance acquisition cash flows	-21	-	-	-21
Total cash flows	**1,422**	**-**	**-1,117**	**305**
At 31 December 2022	**-248**	**20**	**4,191**	**3,963**

Changes in insurance contracts by measurement component current year

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Total	Of which, contracts recognised from transition date and retrospective approach	Of which, contracts under modified approach	Of which contracts under fair value approach	
At 1 January 2023	**3,737**	**158**	**69**	**3**		**66**	**3,963**
Changes in the income statement							
Changes that relate to future services:							
- Changes in estimates that adjust the CSM	-65	24	41	13	-	28	-
- Changes in estimates that result in losses or the reversal of losses on onerous contracts	25	-6	-	-	-	-	19
- Effects of contracts initially recognised in the period	-117	21	96	96	-	-	-
Changes that relate to current services:							
- CSM recognised in profit or loss for services provided	-	-	-70	-57	-	-13	-70
- Release of the risk adjustment for non-financial risk	-	-33	-	-	-	-	-33
- Experience adjustments	63	21	-	-	-	-	84
Changes related to past service	3	-11	-	-	-	-	-9
Insurance service result	**-90**	**15**	**67**	**52**	**-**	**15**	**-9**
Net finance expenses (income) from insurance contracts	187	4	5	5	-	-	196
Total changes in the income statement	**96**	**19**	**71**	**56**	**-**	**15**	**187**
Cash flows							
Premiums received	1,658	-	-	-	-	-	1,658
Insurance service expenses paid	-1,346	-	-	-	-	-	-1,346
Insurance acquisition cash flows	-32	-	-	-	-	-	-32
Total cash flows	**280**	**-**	**-**	**-**	**-**	**-**	**280**
Changes in the composition of the group	829	47	96	96	-	-	972
At 31 December 2023	**4,942**	**223**	**236**	**155**	**-**	**81**	**5,401**

Changes in insurance contracts by measurement component prior year

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM				Total
			Total	Of which, contracts recognised from transition date and retrospective approach	Of which, contracts under modified approach	Of which contracts under fair value approach	
At 1 January 2022	**4,415**	**218**	**90**	**-**	**-**	**90**	**4,723**
Changes in the income statement							
Changes that relate to future services:							
- Changes in estimates that adjust the CSM	-4	7	-3	9	-	-12	-
- Changes in estimates that result in losses or the reversal of losses on onerous contracts	37	-29	-	-	-	-	7
- Effects of contracts initially recognised in the period	-43	44	7	7	-	-	8
Changes that relate to current services:							
- CSM recognised in profit or loss for services provided	-	-	-24	-12	-	-12	-24
- Release of the risk adjustment for non-financial risk	-	-27	-	-	-	-	-27
- Experience adjustments	-161	16	-	-	-	-	-145
Changes related to past service	263	6	-	-	-	-	269
Insurance service result	**91**	**18**	**-21**	**4**	**-**	**-24**	**88**
Net finance expenses (income) from insurance contracts	-1,074	-78	-	-	-	-	-1,152
Total changes in the income statement	**-983**	**-61**	**-21**	**4**	**-**	**-24**	**-1,064**
Cash flows							
Premiums received	1,443	-	-	-	-	-	1,443
Insurance service expenses paid	-1,117	-	-	-	-	-	-1,117
Insurance acquisition cash flows	-21	-	-	-	-	-	-21
Total cash flows	**305**	**-**	**-**	**-**	**-**	**-**	**305**
At 31 December 2022	**3,737**	**158**	**69**	**3**	**-**	**66**	**3,963**

Changes in reinsurance contracts by remaining coverage and incurred claims current year

2023	Assets for remaining coverage Excluding loss recovery component	Assets for incurred claims	Total
At 1 January	**-1**	**191**	**190**
Changes in the income statement:			
Allocation of reinsurance premiums paid	-17	-	-17
Amounts recoverable from reinsurers	-	15	15
Changes in amounts recoverable arising from changes in assets for incurred claims	-	-9	-9
Net expenses from reinsurance contracts	**-17**	**7**	**-10**
Net finance income from reinsurance contracts	2	6	8
Total changes in the income statement	**-15**	**13**	**-2**
Cash flows:			
Premiums paid	14	-	14
Insurance service expenses recovered from reinsurance contracts	-	-77	-77
Total cash flows	**14**	**-77**	**-64**
Changes in the composition of the group	85	-	85
At 31 December	**82**	**127**	**209**

Changes in reinsurance contracts by remaining coverage and incurred claims prior year

2022	Assets for remaining coverage Excluding loss recovery component	Assets for incurred claims	Total
At 1 January	**-2**	**299**	**297**
Changes in the income statement:			
Allocation of reinsurance premiums paid	-21	-	-21
Amounts recoverable from reinsurers	-	3	3
Changes in amounts recoverable arising from changes in assets for incurred claims	-	16	16
Net expenses from reinsurance contracts	**-21**	**20**	**-2**
Net finance income from reinsurance contracts	1	-22	-21
Total changes in the income statement	**-20**	**-2**	**-23**
Cash flows:			
Premiums paid	21	-	21
Insurance service expenses recovered from reinsurance contracts	-	-105	-105
Total cash flows	**21**	**-105**	**-84**
At 31 December	**-1**	**191**	**190**

Changes in reinsurance contracts by measurement component current year

2023	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM Total	CSM Of which, contracts recognised from transition date and retrospective approach	CSM Of which, contracts under fair value approach	Total
At 1 January	**190**	**1**	**-**	**-**	**-**	**190**
Changes in the income statement:						
Changes that relate to future services						
- Changes in estimates that adjust the CSM	1	-1	-1	-	-1	-
- Effects of contracts initially recognised in the period	-	1	-1	-1	-	-
Changes that relate to current services:						
- CSM recognised in the income statement for services received	-	-	-	-1	-	-
- Release of the risk adjustment for non-financial risk	-	-2	-	-	-	-2
- Experience adjustments	-	-	-	-	-	1
Changes relate to past service	**-8**	**-1**	**-**	**-**	**-**	**-9**
Net expenses from reinsurance contracts	**-7**	**-2**	**-2**	**-1**	**-1**	**-10**
Net finance income from reinsurance contracts	8	-	-	-	-	8
Total changes in the income statement	**1**	**-1**	**-1**	**-1**	**-1**	**-2**
Cash flows:						
Premiums paid	14	-	-	-	-	14
Insurance service expenses recovered from reinsurance contracts	-77	-	-	-	-	-77
Total cash flows	**-64**	**-**	**-**	**-**	**-**	**-64**
Changes in the composition of the group	62	7	16	16	-	85
At 31 December	**189**	**7**	**14**	**14**	**-**	**209**

Changes in reinsurance contracts by measurement component prior year

2022	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM Total	CSM Of which, contracts recognised from transition date and retrospective approach	CSM Of which, contracts under fair value approach	Total
At 1 January	**297**	**-**	**-**	**-**	**-**	**297**
Changes in the income statement:						
Changes that relate to future services						
- Changes in estimates that adjust the CSM	-	-2	2	2	-	-
- Effects of contracts initially recognised in the period	-	7	-7	-7	-	-
Changes that relate to current services:						
- CSM recognised in the income statement for services received	-	-	4	5	-1	4
- Release of the risk adjustment for non-financial risk	-	-5	-	-	-	-5
- Experience adjustments	-17	-	-	-	-	-17
Changes relate to past service	**16**	**-**	**-**	**-**	**-**	**16**
Net expenses from reinsurance contracts	**-1**	**-**	**-1**	**-1**	**-1**	**-2**
Net finance income from reinsurance contracts	-22	1	-	-	-	-21
Total changes in the income statement	**-23**	**1**	**-1**	**-**	**-1**	**-23**
Cash flows:						
Premiums paid	21	-	-	-	-	21
Insurance service expenses recovered from reinsurance contracts	-105	-	-	-	-	-105
Total cash flows	**-84**	**-**	**-**	**-**	**-**	**-84**
At 31 December	**190**	**1**	**-**	**-**	**-**	**190**

At a glance
Message from the CEO
Business and strategy
How a.s.r. operates
Business performance
Governance
Non-financial statements
Financial statements
Introduction
Consolidated financial statements
Accounting policies
Group structure and segment information
Notes to the consolidated balance sheet
Notes to the consolidated income statement
Other notes
Risk management
Capital management
Operating result
Company financial statements
Additional information
Appendix

Non-life PAA

Changes in insurance contracts by remaining coverage and incurred claims current year

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
At 1 January 2023	**5**	**9**	**1,682**	**55**	**1,751**
Changes in the income statement					
Insurance contract revenue	**-3,693**	**-**	**-**	**-**	**-3,693**
Insurance service expenses					
New incurred claims and benefits	-	-18	2,844	21	2,847
Changes related to past services	-	-	29	-10	18
Losses and reversals of losses on onerous contracts	-	12	-	-	12
Claims and benefits	**-**	**-6**	**2,873**	**11**	**2,877**
Insurance service operating expenses	**-**	**-**	**682**	**-**	**682**
Total insurance service expenses	**-**	**-6**	**3,555**	**11**	**3,559**
Insurance service result	**-3,693**	**-6**	**3,555**	**11**	**-133**
Net finance expenses from insurance contracts	-	-	55	3	57
Total changes in the income statement	**-3,693**	**-6**	**3,610**	**13**	**-76**
Cash flows					
Premiums received	3,443	-	-	-	3,443
Insurance service expenses paid	-487	-	-2,841	-	-3,328
Total cash flows	**2,956**	**-**	**-2,841**	**-**	**115**
Changes in the composition of the group	14	-	-	-	14
Transfer prepaid insurance service expenses from LRC to LIC	476	-	-476	-	-
At 31 December 2023	**-242**	**3**	**1,975**	**68**	**1,804**

Changes in the composition of the group relates to the liabilities acquired through the acquisition of Aegon NL, see chapter 7.4.5.

Changes in insurance contracts by remaining coverage and incurred claims prior year

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
At 1 January 2022	**-93**	**2**	**1,803**	**67**	**1,778**
Changes in the income statement					
Insurance contract revenue	**-2,792**	**-**	**-**	**-**	**-2,792**
Insurance service expenses					
New incurred claims and benefits	-	-2	2,011	18	2,028
Changes related to past services	-	-	34	-30	3
Losses and reversals of losses on onerous contracts	-	9	-	-	9
Claims and benefits	**-**	**8**	**2,044**	**-12**	**2,040**
Insurance service operating expenses	**-**	**-**	**628**	**-**	**628**
Total insurance service expenses	**-**	**8**	**2,673**	**-12**	**2,669**
Insurance service result	**-2,792**	**8**	**2,673**	**-12**	**-123**
Net finance expenses from insurance contracts	-	-	-136	-	-136
Total changes in the income statement	**-2,792**	**8**	**2,537**	**-12**	**-259**
Cash flows					
Premiums received	2,879	-	-	-	2,879

	Liabilities for remaining coverage		Liabilities for incurred claims		Total
	Excluding loss component	Loss component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
Insurance service expenses paid	-430	-	-2,218	-	-2,648
Total cash flows	**2,450**	**-**	**-2,218**	**-**	**232**
Transfer prepaid insurance service expenses from LRC to LIC	440	-	-440	-	-
At 31 December 2022	**5**	**9**	**1,682**	**55**	**1,751**

Changes in reinsurance contracts by remaining coverage and incurred claims current year

	Assets for remaining coverage		Assets for incurred claims		Total
2023	Excluding loss recovery component	Loss recovery component	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	
At 1 January	**3**		**53**	**2**	**58**
Changes in the income statement					
Allocation of reinsurance premiums paid	-105		-	-	-105
Amounts recoverable from reinsurers	-		61	-	61
Adjustments to assets for incurred claims	-		42	1	42
Net expenses from reinsurance contracts	**-105**	**-**	**103**	**1**	**-2**
Net finance income from reinsurance contracts	-		2	-	2
Total changes in the income statement	**-105**	**-**	**105**	**1**	**-**
Cash flows					
Premiums paid	108		-	-	108
Insurance service expenses recovered from reinsurance contracts	-		-90	-	-90
Total cash flows	**108**	**-**	**-90**	**-**	**18**
Changes in the composition of the group	-1		-	-	-1
At 31 December	**4**		**68**	**3**	**75**

Changes in reinsurance contracts by remaining coverage and incurred claims prior year

2022	Assets for remaining coverage: Excluding loss recovery component	Assets for remaining coverage: Loss recovery component	Assets for incurred claims: Estimates of the present value of the future cash flows	Assets for incurred claims: Risk adjustment for non-financial risk	Total
At 1 January	**6**		**27**	**2**	**35**
Changes in the income statement					
Allocation of reinsurance premiums paid	-71		-	-	-71
Amounts recoverable from reinsurers	-		48	-	48
Adjustments to assets for incurred claims	-		7	-1	6
Net expenses from reinsurance contracts	**-71**	**-**	**55**	**-1**	**-16**
Net finance income from reinsurance contracts	-		-5	-	-5
Total changes in the income statement	**-71**	**-**	**50**	**-1**	**-21**
Cash flows					
Premiums paid	68		-	-	68
Insurance service expenses recovered from reinsurance contracts	-		-24	-	-24
Total cash flows	**68**	**-**	**-24**	**-**	**44**
At 31 December	**3**		**53**	**2**	**58**

7.5.13.2 Life - GMM

Changes in insurance contracts by remaining coverage and incurred claims current year

	Liabilities for remaining coverage: Excluding loss component	Liabilities for remaining coverage: Loss component	Liabilities for incurred claims	Total
At 1 January 2023	**25,549**	**210**	**141**	**25,900**
Changes in the income statement				
Insurance contract revenue of which:	-2,113	-	-	-2,113
Contracts recognised from transition date and retrospective approach	-1,148	-	-	-1,148
Contracts under the fair value approach	-965	-	-	-965
Insurance service expenses				
New incurred claims and benefits	-	-32	1,744	1,712
Losses and reversals of losses on onerous contracts	-	41	-	41
Claims and benefits	**-**	**9**	**1,744**	**1,753**
Other insurance service operating expenses	-	-	132	132
Amortisation of insurance acquisition cash flows	2	-	-	2
Insurance service operating expenses	**2**	**-**	**132**	**134**
Total insurance service expenses	**2**	**9**	**1,875**	**1,887**
Investment components	-619	-	619	-
Insurance service result	**-2,730**	**9**	**2,495**	**-226**
Net finance expenses (income) from insurance contracts	2,415	1	-	2,416
Total changes in the income statement	**-315**	**10**	**2,495**	**2,190**
Cash flows				
Premiums received	927	-	-	927
Insurance service expenses paid, including investment components	-4	-	-2,501	-2,505
Insurance acquisition cash flows	-3	-	-	-3
Total cash flows	**920**	**-**	**-2,501**	**-1,581**
Changes in the composition of the group	29,552	-	1	29,553
At 31 December 2023	**55,707**	**220**	**136**	**56,063**

Changes in the composition of the group relates to the liabilities acquired through the acquisition of Aegon NL, see chapter 7.4.5.

Changes in insurance contracts by remaining coverage and incurred claims prior year

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
At 1 January 2022	**35,259**	**29**	**182**	**35,470**
Changes in the income statement				
Insurance contract revenue of which:	-1,249	-	-	-1,249
Contracts recognised from transition date and retrospective approach	-270	-	-	-270
Contracts under the fair value approach	-979	-	-	-979
Insurance service expenses				
New incurred claims and benefits	-	-58	982	923
Losses and reversals of losses on onerous contracts	-	239	-	239
Incurred claims and benefits	**-**	**180**	**982**	**1,162**
Other insurance service operating expenses	-	-	64	64
Amortisation of insurance acquisition cash flows	2	-	-	2
Insurance service operating expenses	**2**	**-**	**64**	**65**
Total insurance service expenses	**2**	**180**	**1,046**	**1,228**
Investment components	-659	-	659	-
Insurance service result	**-1,907**	**180**	**1,705**	**-22**
Net finance expenses (income) from insurance contracts	-8,498	-	-	-8,498
Total changes in the income statement	**-10,405**	**181**	**1,705**	**-8,519**
Cash flows				
Premiums received	702	-	-	702
Insurance service expenses paid, including investment components	-	-	-1,746	-1,746
Insurance acquisition cash flows	-2	-	-	-2
Total cash flows	**700**	**-**	**-1,746**	**-1,046**
Other	-5	-	-	-5
At 31 December 2022	**25,549**	**210**	**141**	**25,900**

For the Life segment the LRC includes the incurred claims from certain second order events (for example from future premium waiver at disability or incurred survivor benefits) following the option to account for these events as part of the LRC.

Changes in insurance contracts by measurement component current year

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Total	Of which, contracts recognised from transition date and retrospective approach	Of which, contracts under fair value approach	
At 1 January 2023	**23,339**	**963**	**1,598**	**1,049**	**549**	**25,900**
Changes in the income statement						
Changes that relate to future services:						
- Changes in estimates that adjust the CSM	-194	168	25	-12	37	-
- Changes in estimates that result in losses or the reversal of losses on onerous contracts	38	-8	-	-	-	30
- Effects of contracts initially recognised in the period	-91	27	76	76	-	11
Changes that relate to current services:						
- CSM recognised in profit or loss for services provided	-	-	-145	-104	-41	-145
- Release of the risk adjustment for non-financial risk	-	-103	-	-	-	-103
- Experience adjustments	-19	-	-	-	-	-19
Insurance service result	**-266**	**84**	**-44**	**-40**	**-3**	**-226**
Net finance expenses (income) from insurance contracts	2,391	-45	71	71	-	2,416
Total changes in the income statement	**2,125**	**39**	**27**	**30**	**-3**	**2,190**
Cash flows						
Premiums received	927	-	-	-	-	927
Insurance service expenses paid	-2,505	-	-	-	-	-2,505
Insurance acquisition cash flows	**-3**	**-**	-	**-**	-	-3
Total cash flows	**-1,581**	**-**	**-**	**-**	**-**	**-1,581**
Changes in the composition of the group	26,430	1,080	2,043	2,043	-	29,553
At 31 December 2023	**50,313**	**2,082**	**3,668**	**3,122**	**545**	**56,063**

Changes in insurance contracts by measurement component prior year

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM			Total
			Total	Of which, contracts recognised from transition date and retrospective approach	Of which, contracts under fair value approach	
At 1 January 2022	**32,288**	**1,384**	**1,799**	**1,132**	**667**	**35,470**
Changes in the income statement						
Changes that relate to future services:						
- Changes in estimates that adjust the CSM	430	-221	-209	-134	-75	-
- Changes in estimates that result in losses or the reversal of losses on onerous contracts	24	193	-	-	-	218
- Effects of contracts initially recognised in the period	-77	34	65	65	-	21
Changes that relate to current services:						
- CSM recognised in profit or loss for services provided	-	-	-75	-34	-41	-75
- Release of the risk adjustment for non-financial risk	-	-96	-	-	-	-96
- Experience adjustments	-89	-	-	-	-	-89
Insurance service result	**288**	**-90**	**-220**	**-103**	**-117**	**-22**
Net finance expenses (income) from insurance contracts	-8,186	-331	19	20	-1	-8,498
Total changes in the income statement	**-7,898**	**-421**	**-201**	**-83**	**-118**	**-8,519**
Cash flows						
Premiums received	702	-	-	-	-	702
Insurance service expenses paid	-1,746	-	-	-	-	-1,746
Insurance acquisition cash flows	-2	-	-	-	-	-2
Total cash flows	**-1,046**	**-**	**-**	**-**	**-**	**-1,046**
Other	-5	-	-	-	-	-5
At 31 December 2022	**23,339**	**963**	**1,598**	**1,049**	**549**	**25,900**

Changes in reinsurance contracts by remaining coverage and incurred claims

2023	Assets for remaining coverage Excluding loss recovery component	Assets for incurred claims	Total
At 1 January	**130**	**-1**	**129**
Changes in the income statement:			
Allocation of reinsurance premiums paid	-440	-	-440
Amounts recoverable from reinsurers	-	423	423
Changes in amounts recoverable arising from changes in assets for incurred claims	-	-	-
Net expenses from reinsurance contracts	**-440**	**423**	**-17**
Net finance income from reinsurance contracts	-16	-	-16
Total changes in the income statement	**-456**	**423**	**-33**
Cash flows:			
Premiums paid	437	-	437
Insurance service expenses recovered from reinsurance contracts	-	-423	-423
Total cash flows	**437**	**-423**	**14**
Changes in the composition of the group	102	-	102
At 31 December	**213**	**-1**	**211**

2022	Assets for remaining coverage Excluding loss recovery component	Assets for incurred claims	Total
At 1 January	**188**	**-2**	**186**
Changes in the income statement:			
Allocation of reinsurance premiums paid	-17	-	-17
Amounts recoverable from reinsurers	-	12	12
Changes in amounts recoverable arising from changes in assets for incurred claims	-	-	-
Net expenses from reinsurance contracts	**-17**	**12**	**-5**
Net finance income from reinsurance contracts	-41	-	-41
Total changes in the income statement	**-58**	**12**	**-46**
Cash flows:			
Insurance service expenses recovered from reinsurance contracts	-	-11	-11
Total cash flows	**-**	**-11**	**-11**
At 31 December	**130**	**-1**	**129**

Changes in reinsurance contracts by measurement component

2023	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM Total	CSM Of which, contracts recognised from transition date and retrospective approach	CSM Of which, contracts under fair value approach	Total
At 1 January	**120**	**8**	**2**	**-**	**2**	**129**
Changes in the income statement:						
Changes that relate to future services						
- Changes in estimates that adjust the CSM	-25	56	-31	-35	4	-
Changes that relate to current services:						
- CSM recognised in the income statement for services received	-	-	-1	-	-	-1
- Release of the risk adjustment for non-financial risk	-	-11	-	-	-	-11
- Experience adjustments	-5	-	-	-	-	-5
Net expenses from reinsurance contracts	**-30**	**45**	**-32**	**-35**	**4**	**-17**
Net finance income from reinsurance contracts	-17	-1	2	-	2	-16
Total changes in the income statement	**-47**	**45**	**-30**	**-35**	**6**	**-33**
Cash flows:						
Premiums paid	437	-	-	-	-	437
Insurance service expenses recovered from reinsurance contracts	-423	-	-	-	-	-423
Total cash flows	**14**	**-**	**-**	**-**	**-**	**14**
Changes in the composition of the group	-413	426	90	90	-	102
At 31 December	**-328**	**478**	**61**	**55**	**7**	**211**

Changes in the composition of the group relates to the liabilities acquired through the acquisition of Aegon NL, see chapter 7.4.5.

Changes in reinsurance contracts by measurement component

2022	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	CSM Total	CSM Of which, contracts under fair value approach	Total
At 1 January	**163**	**14**	**9**	**9**	**186**
Changes in the income statement:					
Changes that relate to future services					
- Changes in estimates that adjust the CSM	2	-1	-1	-1	-
Changes that relate to current services:					
- CSM recognised in the income statement for services received	-	-	-7	-7	-7
- Release of the risk adjustment for non-financial risk	-	-1	-	-	-1
- Experience adjustments	2	-	-	-	2
Net expenses from reinsurance contracts	**4**	**-2**	**-8**	**-8**	**-5**
Net finance income from reinsurance contracts	-37	-4	-	-	-41
Total changes in the income statement	**-32**	**-6**	**-8**	**-**	**-46**
Cash flows:					
Insurance service expenses recovered from reinsurance contracts	-11	-	-	-	-11
Total cash flows	**-11**	**-**	**-**	**-**	**-11**
At 31 December	**120**	**8**	**2**	**2**	**129**

7.5.13.3 Assumptions used

In estimating the fulfilment cash flows included in the contract boundary, a.s.r. considers the range of all possible outcomes in an unbiased way specifying the amount of cash flows, timing and probability reflecting conditions existing at the measurement date, using a probability-weighted average of all possible scenarios. In determining possible scenarios, a.s.r. uses all the reasonable and supportable information available to them without undue cost and effort, which includes information about past events, current conditions and future forecasts.

Actuarial assumptions

Cash flow estimates include both market variables directly observed in the market or derived directly from markets and non-market variables, such as mortality and longevity. The best estimate assumptions regarding mortality and longevity include recent trend assumptions for life expectancy in the Netherlands, as provided by the Dutch Koninklijk Actuarieel Genootschap (Actuarial Association).

Lapse, cancellation and surrender assumptions are non-economic assumptions and reflect the expected policyholder behaviour. As such the rates usually depend on issue year, policy year, major business lines and sales channels. Such granularity is usually enough to capture how the product terms and conditions as well as regulations can influence the timing and volume of lapse and surrenders. Calendar year based adjustments and dynamic policyholder behaviour are considered when needed in specific circumstances.

Expenses are included in the fulfilment cash flows, when they are directly attributable to insurance contracts and have been allocated to the business lines. These expenses include acquisition expenses, investment expenses related to direct participating contracts as well as overhead costs that a.s.r. considers to be unavoidable when fulfilling the in-force contracts.

Risk adjustment

The risk adjustment is determined for each portfolio of insurance contracts using a Cost of Capital (CoC) method similar to the risk margin used for reporting under the Solvency II. a.s.r. currently uses the Solvency II model to quantify the risks, adjusted for the following points:

- Excluding general operational risk;
- Excluding market risk (if any);
- Excluding reinsurance counterparty default risk;
- Added a reinsured risk adjustment by calculating the risk adjustment gross and net of reinsurance;
- A CoC rate of 6% is used, diversification effects are applied for disability, taking into account a going concern basis;
- ECAP is used where available (e.g. P&C Cat risk); and
- The IFRS 17 discount rate curve is used.

The risks that are generally incorporated through the risk adjustment are mortality, longevity, disability, lapse, catastrophe and expense risk. A projection of expected future risks is made and all these risks are projected into the future. The total risk for every future year is determined based on correlations between the risks described in Solvency II. The projected total risk for every year is multiplied by a cost of capital charge and discounted at the balance sheet date.

The risk adjustment is calculated at a range of confidence levels, as set out below in the table. The implied confidence levels are determined for both the one year and multiyear view, gross of reinsurance.

Confidence levels

	31 December 2023	
	1 year view	Ultimate view
Range	95% - 98%	66% - 76%

Discount curve

Discount curves to discount the expected future fulfilment cash flows are determined using a liquid risk free curve to which an illiquidity premium is added. The risk-free curve is based on the 6-month EURIBOR swap rate and includes a credit-risk adjustment and a first smoothing point of 20 years. a.s.r. uses an UFR of 3.40% in 2023 (2022: 3.45%) for the construction of the curve from the first smoothing point (FSP). The liability illiquidity premium (LIP) is the adjustment resulting from differences between the liquidity characteristics of the group of insurance contracts and the liquidity of the assets used to establish the yield curve. The LIP is derived from a.s.r.'s current asset portfolio using a top-down approach per entity or liability product.

The discount curves are also applicable to the liabilities arising from direct participating insurance contracts. Further information on these contracts can be found in chapter 7.5.14.

The range of application ratio's follow the SCR Mass Lapse methodology, and include the harmonisation with Aegon NL.

Discount curves used in the valuation of the insurance contract liabilities and liabilities arising from direct participating insurance contracts

								Years
	Range LIP	1	5	10	20	30	40	50
1 January 2022	25% (min)	-0.46%	0.04%	0.33%	0.58%	1.02%	1.51%	1.87%
	100% (max)	-0.34%	0.16%	0.45%	0.70%	1.12%	1.59%	1.94%
31 December 2022	25% (min)	3.32%	3.27%	3.23%	2.90%	2.75%	2.84%	2.94%
	100% (max)	3.61%	3.56%	3.52%	3.19%	2.99%	3.03%	3.09%
31 December 2023	50% (min)	3.80%	2.76%	2.83%	2.84%	2.82%	2.91%	2.99%
	100% (max)	4.21%	3.17%	3.24%	3.25%	3.17%	3.18%	3.21%

7.5.13.4 Contracts issued and acquired in the period

The following tables summarise the effect on the measurement components of insurance and reinsurance contracts arising from the initial recognition of contracts measured under the GMM that were initially recognised in the year.

Contracts issued and acquired: Non-life insurance contracts current year

2023	Profitable contracts issued	Onerous contracts issued	Contracts acquired	Total
Expected claims and insurance service operating expenses	1,100	-	1,333	2,433
Insurance acquisition cash flows	32	-	-	32
Estimates of the present value of future cash outflows	**1,132**	**-**	**1,333**	**2,465**
Estimates of the present value of future cash inflows	-1,249	-	-1,475	-2,724
Risk adjustment for non-financial risk	21	-	46	67
CSM	96	-	96	192
Losses recognised on initial recognition	**-**	**-**	**-**	**-**

Contracts issued and acquired: Non-life insurance contracts prior year

2022	Profitable contracts issued	Onerous contracts issued	Contracts acquired	Total
Expected claims and insurance service operating expenses	400	807	-	1,206
Insurance acquisition cash flows	7	14	-	21
Estimates of the present value of future cash outflows	**407**	**821**	**-**	**1,228**
Estimates of the present value of future cash inflows	-432	-839	-	-1,271
Risk adjustment for non-financial risk	18	26	-	44
CSM	7	-	-	7
Losses recognised on initial recognition	**-**	**8**	**-**	**8**

Contracts issued and acquired: Non-life reinsurance contracts

	2023	2022
Estimates of present value of cash inflows	-132	-
Estimates of present value of cash outflows	109	-
Risk adjustment for non-financial risk	8	7
CSM	15	-7

Contracts issued and acquired: Life insurance contracts current year

2023	Profitable contracts issued	Onerous contracts issued	Contracts acquired	Total
Expected claims and insurance service operating expenses	215	219	26,430	26,864
Insurance acquisition cash flows	2	4	-	6
Estimates of the present value of future cash outflows	**217**	**223**	**26,430**	**26,871**
Estimates of the present value of future cash inflows	-315	-217	-29,553	-30,085
Risk adjustment for non-financial risk	22	5	1,080	1,107
CSM	76	-	2,043	2,118
Losses recognised on initial recognition	**-**	**11**	**-**	**11**

Contracts issued and acquired: Life insurance contracts prior year

2022	Profitable contracts issued	Onerous contracts issued	Contracts acquired	Total
Expected claims and insurance service operating expenses	274	113	-	387
Insurance acquisition cash flows	2		-	2
Estimates of the present value of future cash outflows	**275**	**113**	**-**	**388**
Estimates of the present value of future cash inflows	-368	-98	-	-466
Risk adjustment for non-financial risk	28	6	-	34
CSM	65	-	-	65
Losses recognised on initial recognition	**-**	**21**	**-**	**21**

Contracts issued and acquired: Life reinsurance contracts

	2023	2022
Estimates of present value of cash inflows	324	-
Estimates of present value of cash outflows	-839	-
Risk adjustment for non-financial risk	426	-
CSM	90	-

7.5.13.5 Expected release of the CSM

The following table illustrates when a.s.r. expects to recognise the remaining CSM as revenue for contracts measured under the GMM.

Expected release of the CSM current year

31 December 2023	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	> 10 years	Total
Insurance contracts								
Non-Life GMM	51	18	16	15	14	64	59	236
Life GMM	180	174	169	164	157	702	2,123	3,668
Reinsurance contracts								
Non-Life GMM	-1	-1	-1	-1	-1	-3	-7	-14
Life GMM	-4	-4	-4	-3	-3	-15	-28	-61
Total expected release of the CSM	**227**	**188**	**180**	**174**	**167**	**747**	**2,146**	**3,829**

Expected release of the CSM prior year

31 December 2022	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	> 10 years	Total
Insurance contracts								
Non-Life GMM	14	7	5	5	5	26	7	69
Life GMM	72	71	71	69	68	301	946	1,598
Reinsurance contracts								
Non-Life GMM	-	-	-	-	-	-	-	-
Life GMM	-	-	-	-	-	-1	-	-2
Total expected release of the CSM	**86**	**78**	**76**	**75**	**73**	**327**	**952**	**1,666**

7.5.13.6 Claims development table Non-life

The table below is a ten-year summary of movements in gross cumulative claims in connection with the Non-life portfolio for the period from 2014 to 2023.

Ten-year summary of changes in gross cumulative claims

31 December 2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Claims year Total
At year end											
1st claim year	1,975	2,027	2,216	2,237	2,348	2,418	2,614	3,206	3,469	4,366	
2015	1,953										
2016	1,959	2,017									
2017	1,951	2,051	2,262								
2018	1,945	2,062	2,310	2,312							
2019	1,936	2,052	2,295	2,375	2,367						
2020	1,911	2,047	2,314	2,382	2,445	2,464					
2021	1,893	2,009	2,251	2,338	2,449	2,510	2,621				
2022	1,894	2,033	2,274	2,325	2,483	2,514	2,630	3,091			
2023	1,895	2,031	2,265	2,335	2,499	2,554	2,682	3,168	3,509		
Estimates of undiscounted gross cumulative claims 31 December 2023	**1,895**	**2,031**	**2,265**	**2,335**	**2,499**	**2,554**	**2,682**	**3,168**	**3,509**	**4,366**	
Cumulative gross paid claims	1,736	1,825	2,011	2,015	2,055	2,010	2,020	2,295	2,351	2,130	
Gross liabilities claims years 2014 to 2023	**159**	**205**	**254**	**319**	**443**	**545**	**662**	**873**	**1,158**	**2,236**	**6,855**
Gross liabilities claims years before 2014											994
Effect of discounting											-1,289
Effect of the risk adjustment margin for non-financial risk											135
Other											15
Gross liabilities for incurred claims											**6,710**

Gross claims in the claims development table include the Aegon NL claims as from the acquisition date.

Ten-year summary of changes in gross cumulative claims

31 December 2022	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Claims year Total
At year end											
1st claim year	2,048	1,975	2,027	2,216	2,237	2,348	2,418	2,614	3,206	3,469	
2014	2,060										
2015	2,047	1,953									
2016	2,045	1,959	2,017								
2017	2,053	1,951	2,051	2,262							
2018	2,048	1,945	2,062	2,310	2,312						
2019	2,035	1,936	2,052	2,295	2,375	2,367					
2020	2,018	1,911	2,047	2,314	2,382	2,445	2,464				
2021	1,968	1,893	2,009	2,251	2,338	2,449	2,510	2,621			
2022	2,025	1,894	2,033	2,274	2,325	2,483	2,514	2,630	3,091		
Estimates of undiscounted gross cumulative claims											
31 December 2022	**2,025**	**1,894**	**2,033**	**2,274**	**2,325**	**2,483**	**2,514**	**2,630**	**3,091**	**3,469**	
Cumulative gross paid claims	1,824	1,712	1,787	1,971	1,966	1,986	1,928	1,920	2,116	1,481	
Gross liabilities claims years 2013 to 2022	**200**	**183**	**246**	**303**	**359**	**497**	**585**	**710**	**976**	**1,988**	**6,047**
Gross liabilities claims years before 2013											988
Effect of discounting											-1,204
Effect of the risk adjustment margin for non-financial risk											108
Other											-12
Gross liabilities for incurred claims											**5,927**

7.5.14 Liabilities arising from direct participating insurance contracts

See accounting policies F.

7.5.14.1 Life – direct participating insurance contracts

Changes in liabilities arising from direct participating insurance contracts by remaining coverage and incurred claims current year

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
At 1 January 2023	**10,270**	**101**	**104**	**10,475**
Changes in the income statement				
Insurance contract revenue of which:	-603	-	-	-603
Contracts recognised from transition date and retrospective approach	-498	-	-	-498
Contracts under the fair value approach	-106	-	-	-106
Insurance service expenses				
New incurred claims and benefits	-	-5	402	397
Losses and reversals of losses on onerous contracts	-	-16	-	-16
Claims and benefits	**-**	**-20**	**402**	**382**
Other insurance service operating expenses	-	-	124	124
Amortisation of insurance acquisition cash flows	4	-	-	4
Insurance service operating expenses	**4**	**-**	**124**	**128**
Total insurance service expenses	**4**	**-20**	**526**	**509**
Investment components	-838	-	838	-
Insurance service result	**-1,437**	**-20**	**1,364**	**-94**
Net finance expenses (income) from insurance contracts	2,542	-6	-	2,536
Total changes in the income statement	**1,105**	**-26**	**1,364**	**2,442**
Cashflows				
Premiums received	1,283	-	-	1,283
Insurance service expenses paid, including investment components	-1	-	-1,367	-1,368
Insurance acquisition cash flows	-4	-	-	-4
Total cash flows	**1,278**	**-**	**-1,367**	**-89**
Changes in the composition of the group	23,226	-	-	23,226
Other	39	-	-	39
Net closing balance at 31 December	**35,918**	**75**	**100**	**36,093**

Changes in liabilities arising from direct participating insurance contracts by remaining coverage and incurred claims prior year

	Liabilities for remaining coverage		Liabilities for incurred claims	Total
	Excluding loss component	Loss component		
At 1 January 2022	**11,926**	**142**	**119**	**12,187**
Changes in the income statement				
Insurance contract revenue of which:	-55	-	-	-55
Contracts recognised from transition date and retrospective approach	29	-	-	29
Contracts under the fair value approach	-85	-	-	-85
Insurance service expenses				
New incurred claims and benefits	-	-39	-	-39
Losses and reversals of losses on onerous contracts	-	76	-	76
Claims and benefits	**-**	**37**	**-**	**37**
Other insurance service operating expenses	9	-	76	84
Amortisation of insurance acquisition cash flows	4	-	-	4
Insurance service operating expenses	**13**	**-**	**76**	**88**
Total insurance service expenses	**13**	**37**	**76**	**126**
Investment components	-691	-	691	-
Insurance service result	**-734**	**37**	**767**	**70**
Net finance expenses (income) from insurance contracts	-2,039	-78	-	-2,117
Total changes in the income statement	**-2,773**	**-40**	**767**	**-2,046**
Cashflows				
Premiums received	1,093	-	-	1,093
Insurance service expenses paid, including investment components	-	-	-782	-782
Insurance acquisition cash flows	-4	-	-	-4
Total cash flows	**1,090**	**-**	**-782**	**307**
Other	28	-	-	28
Net closing balance at 31 December	**10,270**	**101**	**104**	**10,475**

Changes in liabilities arising from direct participating insurance contracts by measurement component current year

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service margin			Total
			Total	Of which, Contracts recognised from transition date and retrospective approach	Of which, contracts under fair value approach	
At 1 January 2023	**10,244**	**69**	**162**	**-**	**162**	**10,475**
Changes in the income statement						
Changes that relate to future services						
- Changes in estimates that adjust the CSM	-24	30	-6	-32	27	-
- Changes in estimates that do not adjust the CSM, ie losses on groups of onerous contracts and reversals of such losses	-22	-11	-	-	-	-33
- Effects of contracts initially recognised in the period	13	4	-	-	-	18
Changes that relate to current services						
- CSM recognised in the income statement for services provided	-	-	-65	-32	-33	-65
- Release of the risk adjustment for non-financial risk	-	-17	-	-	-	-17
- Experience adjustments	4	-	-	-	-	4
Insurance service result	**-29**	**6**	**-71**	**-64**	**-7**	**-94**
Net finance expenses (income) from insurance contracts	2,498	2	36	-1	37	2,536
Total changes in the income statement	**2,469**	**7**	**-35**	**-65**	**30**	**2,442**
Cash flows						
Premiums received	1,283	-	-	-	-	1,283
Insurance service expenses paid, including investment components	-1,368	-	-	-	-	-1,368
Insurance acquisition cash flows	-4	-	-	-	-	-4
Total cash flows	**-89**	**-**	**-**	**-**	**-**	**-89**
Changes in the composition of the group	21,624	465	1,137	1,137		23,226
Other	39	-	-	-	-	39
At 31 December	**34,288**	**541**	**1,264**	**1,072**	**193**	**36,093**

At a glance
Message from the CEO
Business and strategy
How a.s.r. operates
Business performance
Governance
Non-financial statements
Financial statements
Introduction
Consolidated financial statements
Accounting policies
Group structure and segment information
Notes to the consolidated balance sheet
Notes to the consolidated income statement
Other notes
Risk management
Capital management
Operating result
Company financial statements
Additional information
Appendix

Changes in liabilities arising from direct participating insurance contracts by measurement component prior year

	Estimates of the present value of the future cash flows	Risk adjustment for non-financial risk	Contractual service margin		Total
			Total	Of which, contracts under fair value approach	
At 1 January 2022	**11,903**	**110**	**173**	**173**	**12,187**
Changes in the income statement					
Changes that relate to future services					
- Changes in estimates that adjust the CSM	46	-3	-42	-42	-
- Changes in estimates that do not adjust the CSM, ie losses on groups of onerous contracts and reversals of such losses	60	-12	-	-	48
- Effects of contracts initially recognised in the period	26	2	-	-	28
Changes that relate to current services					
- CSM recognised in the income statement for services provided	-	-	-21	-21	-21
- Release of the risk adjustment for non-financial risk	-	-12	-	-	-12
- Experience adjustments	27	-	-	-	27
Insurance service result	**159**	**-25**	**-64**	**-64**	**70**
Net finance expenses (income) from insurance contracts	-2,154	-17	54	54	-2,117
Total changes in the income statement	**-1,995**	**-42**	**-10**	**-10**	**-2,046**
Cash flows					
Premiums received	1,093	-	-	-	1,093
Insurance service expenses paid, including investment components	-782	-	-	-	-782
Insurance acquisition cash flows	-4	-	-	-	-4
Total cash flows	**307**	**-**	**-**	**-**	**307**
Other	28	-	-	-	28
At 31 December	**10,244**	**69**	**162**	**162**	**10,475**

At year-end 2023, the liabilities included a guarantee provision for a carrying amount of € 63 million (2022: € 84 million) and a provision related to unit-linked insurance contracts and pension contracts for a carrying amount of € 40 million (2022: € 42 million). These provisions relate to compensation for the costs of these contracts.

An amount of € 229 million (2022: € 119 million) of the liabilities arising from direct participating insurance contracts is related to the a.s.r. DC pension plans.

7.5.14.2 Contracts issued and acquired in the period

The following tables summarise the effect on the measurement components of insurance contracts arising from the initial recognition of contracts that were initially recognised in the year.

Contracts issued and acquired: Liabilities arising from direct participating insurance contracts

2023	Profitable contracts issued	Onerous contracts issued	Contracts acquired	Total
Insurance service expenses payable	-	64	21,624	21,689
Insurance acquisition cash flows	-	5	-	5
Estimates of the present value of future cash outflows	**-**	**69**	**21,624**	**21,693**
Estimates of the present value of future cash inflows	-1	-55	-23,226	-23,282
Risk adjustment for non-financial risk	-	4	465	469
CSM	-	-	1,137	1,137
Losses recognised on initial recognition	**-**	**18**	**-**	**18**

Contracts issued and acquired: Liabilities arising from direct participating insurance contracts

2022	Profitable contracts issued	Onerous contracts issued	Contracts acquired	Total
Insurance service expenses payable	-	98	-	98
Insurance acquisition cash flows	-	4	-	4
Estimates of the present value of future cash outflows	**-**	**102**	**-**	**102**
Estimates of the present value of future cash inflows	-	-75	-	-75
Risk adjustment for non-financial risk	-	2	-	2
CSM	-	-	-	-
Losses recognised on initial recognition	**-**	**28**	**-**	**28**

7.5.14.3 Expected release of the CSM

The following table illustrates when a.s.r. expects to recognise the remaining CSM as revenue.

Expected release of the CSM

	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	> 10 years	Total
2023	**97**	**90**	**85**	**79**	**73**	**278**	**562**	**1,264**
2022	19	19	19	19	19	68	-	162

7.5.14.4 Pre-recognition cash flows

Pre-recognition cash flows amounting € 11 million (€ 2022: € 12 million) mainly concern acquisition cash flows relating to insurance contracts, specifically Werknemers Pensioen, not yet recognised.

At a glance
Message from the CEO
Business and strategy
How a.s.r. operates
Business performance
Governance
Non-financial statements
Financial statements
Introduction
Consolidated financial statements
Accounting policies
Group structure and segment information
Notes to the consolidated balance sheet
Notes to the consolidated income statement
Other notes
Risk management
Capital management
Operating result
Company financial statements
Additional information
Appendix

7.5.15 Employee benefits

See accounting policy G.

Employee benefits

	31 December 2023	31 December 2022
Post-employment benefits pensions	5,160	2,722
Post-employment benefits other than pensions	39	7
Post-employment benefit obligation	**5,199**	**2,730**
Other long-term employee benefits	19	12
Total	**5,218**	**2,742**

Costs of post-employment and other long-term employee benefits

	2023	2022
Post-employment benefits pensions	-202	-78
Post-employment benefits other than pensions	1	-
Total	**-201**	**-78**
Other long term employee benefits	-	-
Cost of post-employment and other long-term employee benefits	**-201**	**-78**

The costs of the post-employment benefits pensions relate to the current DC pension plan of a.s.r., the previous DB plans of a.s.r. and Aegon NL, plus the DC plans of the other group companies.

An amount of € 5.018 million (2022: € 2,609 million) of the employee benefits is expected to be settled more than twelve months after the balance sheet date.

7.5.15.1 Post-employment benefits pensions

a.s.r. has a number of DC and DB post-employment benefit plans for its employees and former employees. The majority of employees are formally employed by a.s.r. A limited number of employees are employed by other group companies. The pension plans of other group companies are disclosed in a separate section in this chapter.

a.s.r. life and Aegon life, insurance companies and group entities, are the insurers of the majority of the post-employment defined benefit plans. a.s.r. life is also the insurer of the current DC pension plans. As a.s.r. life and Aegon life hold the investments that are meant to cover the employee benefit obligation for the DB plans, they do not qualify as plan assets in accordance with IAS 19 and are therefore included in financial assets.

a.s.r. employees

All pension buildup for existing and new employees as of 1 January 2021 are included in the post employment DC plans. All employees who commenced service between 1 January 2006 and 31 December 2020 are included in one post-employment DB plan ('Basic plan'). All other employees remain active within the existing plan at the date of first employment. Previous plans for former employees are also still active.

The recognised expenses for the DC plan in 2023 amounts to € 44 million (2022 € 37 million), which includes the employees of Aegon NL that transferred to a.s.r. resulting from the acquisition on 4 July 2023.

The DC plan has two components with defined benefit elements with a marginal impact; survivors' pension and the option to buy a guaranteed income. Both components are accounted for in the same way as the DC plan.

The past service cost of € -7 million pre-tax presented in 2023 mainly relates to the RVU obligation in relation to the Aegon NL employees that entered the employment of a.s.r. The past service cost of € 1 million pre-tax presented in 2022 relates to developments in relation to the ended DB plan (ended 31 December 2020) of a.s.r.

The post-employment DB en DC plans for employees that are employed by a.s.r. are insured by a.s.r. life or Aegon life.

The methods and techniques used to calculate the DB obligations are based on IAS 19 requirements and calculated by an independent actuary.

The benefits under these plans are dependent on factors such as years of service and compensation. Pension obligations are determined using mortality tables, the rate of employee turnover, wage drift and economic assumptions for factors such as inflation, and the discount rate.

As per 31 December 2020, the contribution to the DB pension scheme ended, therefore no accrual rate and pensionable salary and minimum franchise is required for this scheme.

- The DB pension scheme had a retirement age of 68 years;
- The DB scheme was based on average-salary pension; and
- Future inflation indexation agreements are inforce.

Former Aegon employees

Former employees of Aegon NL are still covered by a number of Aegon NL post-employment benefit plans. Aegon NL has issued defined contribution plans and defined benefit plans.

The contribution payable to a defined contribution plan for services provided is recognised as an expense in the income statement. An asset (or liability) is recognised to the extent that the contribution paid exceeds (or falls short of) the amount due for services provided. With the integration of Aegon NL and a.s.r. on

1 October 2023, the Aegon DC plan with Aegon IORP became non-contributory; the employees of Aegon NL are being included in the DC plan of a.s.r.

The defined benefit obligation is based on the terms and conditions of the plan applicable on the balance sheet date. In measuring the defined benefit obligation Aegon NL uses the projected unit credit method and actuarial assumptions that represent the best estimate of future variables. The benefits are discounted using an interest rate based on the internal curve for high quality corporate bonds, that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related pension liability. Actuarial assumptions used in the measurement of the liability include the discount rate, estimated future wage inflation, mortality rates and price inflation.

As per 31 December 2019, the contribution to the DB pension scheme ended, therefore no accrual rate and pensionable salary and minimum franchise is required for this scheme.

- The DB pension scheme had a retirement age of 68 years;
- The DB scheme was based on average-salary pension; and
- Future inflation indexation agreements are inforce.

Other group companies employees

The other group companies, which are entities mainly operating in the Distribution and Services segment, have DC plans, insured with a.s.r. life. The recognised expenses for these DC plans in 2023 amounts to € 13 million (2022: € 5 million).

Net defined benefit liability

Defined benefit obligation for all the above mentioned plans

	2023	2022
Net defined benefit liability at 1 January	**2,722**	**3,990**
Included in income statement		
Current service cost, contributions by employer	1	-
Interest cost	142	33
Past service cost	-7	1
Other	-2	-1
Total	**134**	**33**
Remeasurement of liabilities included in OCI		
Discount rate change	155	-1,222
Other assumptions change	-6	31
Experience adjustments	11	-3
Total	**160**	**-1,194**
Benefits	-160	-107
Changes in the composition of the group	2,340	-
Other	-37	-
Net defined benefit liability at 31 December	**5,160**	**2,722**
At 31 December		
Defined benefit obligation	5,160	2,722
Fair value of plan assets	-	-
Net defined benefit liability	5,160	2,722

a.s.r. employees

Employees account for 20% (2022: 20%) of the DB obligation, 52% (2022: 52%) of the DB obligation relates to former employees currently receiving pension benefits, 25% (2022: 25%) of the DB obligation relates to deferred pensioners and 3% (2022: 3%) of the DB obligation relates to other members.

The discount rate was 3.42% at 31 December 2023 (31 December 2022: 3.67%), resulting in a € 81 million increase (2022: € 1,259 million decrease) in the DB obligation.

As per 31 December 2023 the duration of the DB obligation was 14 years (2022: 14 years).

The change in other assumptions amounts is nil (2022: € 31 million) primarily due to a change in indexation percentage of former employees.

Former Aegon employees
The DB obligation of Aegon NL classifies as multiple-employer contract. a.s.r. has an obligation to pay part of the guarantee premium, which is an insurance premium to pay for the guarantee provided by Aegon life. Each year when there is a decision related to additional entitlements stemming from indexation, a new guarantee premium is calculated. This premium is based on the total of entitlements, including the previous annual layers of indexation bought in the past. The indexation annuity, which is based on contractual tariff, is extracted from the indexation depot. The guarantee premium, which is calculated based on the difference between the current market price and the contractual tariff for indexation, is paid in full by a.s.r. to Aegon life, and subsequently 29% thereof is recovered from Aegon Ltd. (2023: € 4 million). These contributions from Aegon Ltd. are set out in the formal terms of the plan, and thus affect remeasurements of the net DB liability. An amount of € 69 million was netted of the DB obligation and included in OCI.

Employees account for 0% of the DB obligation, 54% of the DB obligation relates to former employees currently receiving pension benefits, 44% of the DB obligation relates to deferred pensioners and 2% of the DB obligation relates to other members.

The discount rate was 3.42% at 31 December 2023 (3.81% at acquisition date), resulting in a € 83 million increase in the DB obligation. As per 31 December 2023 the duration of the DB obligation was 14 years. The change in other assumptions amounts to € -6 million primarily due to a change in indexation percentage of former employees.

Experience adjustments
Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions. The following table provides information about experience adjustments with respect to qualifying plan assets and the DB obligation:

Experience adjustments

(in € thousands)	2023	2022
Experience adjustments to qualifying investments, gain (loss)	-	-
As a % of liabilities as at 31 December	0.0%	0.0%
Experience adjustments to defined benefit obligation, loss (gain)	-10,580	3,020
As a % of liabilities as at 31 December	-0.2%	-0.1%

Assumptions

The principal actuarial assumptions and parameters at year-end

	2023	2022
Discount rate	3.4%	3.7%
Mortality (years) a.s.r.	20.1	19.9
Mortality (years) Aegon	21.1	n.a.

In the calculation of the DB obligation the:
- Discount rate is based on an internal curve for high quality corporate bonds;
- For the a.s.r. pension scheme the most recent mortality table 'AG Prognosetafel 2022' is used, in combination with a.s.r. specific experience factors for the pension portfolio;
- For the Aegon NL pension scheme the Aegon 2023 life tables were used;
- The period of indexation is based on the expected duration of the separate account to fund the future inflation indexation.

The sensitivity of the above actuarial assumptions to feasible possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the DB obligation by the amounts shown below:

Sensitivity of actuarial assumptions

	Increase	Decrease
Discount rate (1% movement)	-533	671
Future mortality (1 year movement)	-133	132

Non-qualifying plan assets
The portfolios of global investments related to the ended DB pension schemes of a.s.r. and former Aegon NL are considered non-qualifying plan assets. The non-qualifying assets, which are managed by a group company, are not presented as part of the net DB obligation.

For the non-qualifying assets backing the post-employment benefit plans, a.s.r. has drawn up general guidelines for the asset mix based on criteria such as geographical location and ratings. To ensure the investment guidelines remain in line with the conditions of the post-employment benefit obligations, a.s.r. regularly performs Asset Liability Management (ALM) studies. Transactions in the non-qualifying assets are done within the guidelines. As the post-employment benefit plans are a liability on group level, the underlying insurance and market risks are in scope of a.s.r.'s risk policies (see chapter 7.8).

The overall interest-rate risk of the group is managed using interest-rate swaps and swaptions. a.s.r. manages the interest rate risk through an overlay interest hedging strategy using swaps and swaptions for the company as a whole (see chapter 7.8.3). The swaps and swaptions are not specifically allocated to the respective post-employment benefit plans.

a.s.r. has separate accounts to fund future inflation indexation for the employees and former employees included in the a.s.r. post-employment defined benefit plan. As such this has been included in the DB obligation. The fair value of these assets amounted to € 330 million (2022: € 372 million) for a.s.r. and € 603 million in relation to Aegon NL. The Aegon NL non-qualifying plan assets are ringfenced and amount to € 2,374 million.

7.5.15.2 Post-employment benefits other than pensions
The other post-employment benefits plans consist of personnel arrangements for financial products (such as mortgages and health insurance), which remain in place after retirement.

Changes in the defined benefit obligation

	2023	2022
Defined benefit obligation at 1 January	**7**	**9**
Included in income statement		
Past service cost	-1	-
Other	1	-
Total	**-**	**-**
Remeasurement of liabilities included in OCI		
Discount rate change	-	-1
Other assumptions change	2	-
Total	**2**	**-1**
Benefits	-2	-1
Other	32	-
Defined benefit obligation at 31 December	**39**	**7**

Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions. The following table provides information about experience adjustments with respect to qualifying plan assets and the DB obligation:

Experience adjustments to defined benefit obligation

(in € thousands)	2023	2022
Experience adjustments to defined benefit obligation, loss (gain)	-258	1,272
As a % of liabilities as at 31 December	-0.7%	17.8%

Principal actuarial assumptions and parameters at year-end

	2023	2022
Discount rate	3.3%	3.7%

In accordance with a.s.r.'s policy, discounts on employee mortgages have been fixed in amounts granted on the reference date December 2017 and for former Aegon NL employees on the reference date January 2023.

In the calculation of the DB obligation the:
- Discount rate is based on an internal curve for high quality corporate bonds;
- For a.s.r. post employment benefit obligations the most recent mortality table 'AG Prognosetafel 2022' is used, in combination with a.s.r. specific experience factors for the pension portfolio;
- For former Aegon NL post employment benefit obligations the Aegon 2023 life tables were used.

The sensitivity of the above actuarial assumptions to feasible possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the DB obligation by the amounts of € 1 million increase (2022: € 1 million increase) or € 1 million decrease (2022: € 1 million decrease) as a result of a movement of the discount rate by 1%. Former Aegon NL employees are not included in the comparative figures.

7.5.15.3 Other long-term employee benefits

Other long-term employee benefits consist of the employer's share of liabilities arising from long-term services, such as jubilee benefits.

Changes in other long-term employee benefits

	2023	2022
Net liability as at 1 January	**12**	**14**
Total expenses	1	-2
Actuarial gains and losses	1	1
Other	5	-1
Net liability as at 31 December	**19**	**12**

Underlying assumptions

	31 December 2023	31 December 2022
Discount rate	3.2%	3.7%
Salary increases	2.5%	3.4%
Expected remaining service years a.s.r.	8.3	8.2
Expected remaining service years former Aegon NL	8.7	n.a.

7.5.16 Provisions

Changes in provisions

	2023	2022
At 1 January	18	24
Additional foreseen amounts	369	3
Reversal of unused amounts	-5	-3
Usages in course of year	-12	-6
Acquisitions from third parties	-	3
Other	-	-3
Changes in the composition of the group	44	-
At 31 December	**414**	**18**

The provisions were created for:
- Settlement to the claimants for unit-linked products
- VAT and legal issues;
- Employee restructuring expenses;
- Retention of disability risk instead of insuring it with UWV (Employed Persons Insurance Administration Agency);
- Dismantling costs wind turbines; and
- Other expenses.

The provision for the settlement to the claimants for unit-linked products is a provision to cover cost from legal and operational actions related to the transparency and cost discussion of investment insurance policies. At the end of November 2023, a.s.r. and five consumer protection organisations agreed on a settlement to be paid to the claimants to a maximum of € 250 million. The agreement will become final once 90% of the affiliated customers agree to the settlement. It has also been decided to set up a leniency scheme for customers who are not affiliated with the consumer protection organisations for distressing cases that are assessed on their merits. This initiative is to resolve long-lasting and historical disputes concerning unit-linked life insurances. The provision is calculated as the best estimate of the expenditure required to settle these claims, taking into account the settlements reached, management's opinion and consultation with its legal advisors. The provision recognised by a.s.r. to finalise the unit-linked life insurance claims amounts to € 300 million, which was recognised in the 2023 financial statements as a result of the settlement, in addition to the € 37 million (2022: € 37 million) recognised in the insurance liabilities as remaining portion of the previous agreements. See chapter 7.7.6.2 for details of the contingent liability relating to unit-linked products.

The provision for VAT and legal issues is based on best estimates available at year-end, making allowance for expert opinions.

The provisions for employee restructuring are based on arrangements agreed in the Collective Bargaining Agreement, restructuring plans, and on decisions made by a.s.r.'s management. The restructuring provision amounting to € 51.4 million relates mainly to the reorganisation of a.s.r. Nederland due to the integration of Aegon NL entities and the consequential program to achieve a lower cost level. This program will be continued in 2024.

The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and the time required for the settlement of disputes.

An amount of € 381 million (2022: € 7 million) of the provisions is expected to be settled within twelve months after the balance sheet date.

7.5.17 Borrowings

See accounting policies T and U.

Borrowings

	31 December 2023	31 December 2022
Loans	6,295	126
Lease liabilities	88	62
Total borrowings	**6,384**	**188**

As at year-end, borrowings had the following terms to maturity:

Maturity of borrowings

	31 December 2023	31 December 2022
Maturity - Falling due within 1 year	1,233	20
Maturity - Falling due between 1 and 5 years	3,204	54
Maturity - Falling due after 5 years	1,948	115
Maturity borrowings	**6,384**	**188**

Borrowings increased mainly due to the acquisition of Aegon NL, of which € 933 million are due to banks. At year-end 2023, the fair value of borrowings was € 6,453 million (2022: € 185 million). For information regarding the fair value, see chapter 7.7.1.2. The average interest rate payable on loans was 6.01% (2022: 1.40%). The average incremental borrowing rate on the lease liabilities was 1.29% (2022 : 1.48%).

On 13 July 2023, a.s.r. issued € 500 million in Residential Mortgage-Backed Security (RMBS) notes through a newly established securitisation programme called Delphinus 2023-I. The underlying pool consists of residential mortgage loans that are sold by a.s.r. life to Delphinus 2023-I B.V. The Class A notes that are issued under the programme, are rated AAA (sf)/AAA (sf) by Fitch and S&P. They exhibit a weighted average life of 4.9 years and a First Optional Redemption Date (FORD) in September 2029.

On 6 December 2023, Aegon life restructured 'Saecure 17', by expanding Saecure 17 with new mortgage loans and extending the First Optional Redemption Date (FORD) with no impact on equity and result. The nominal amount of € 2,055 million of class A notes was increased to € 4,350 million. The FORD is extended from the Notes Payment Date falling in October 2025 to the Notes Payment Date falling in January 2030, resulting in an expected weighted average lifetime (WAL) at restructuring of approximately 5 years. The fixed coupon of the class A notes remains unchanged at 0.50% till FORD. As all notes have been retained by Aegon life, the notes acquired by Aegon life are not recognised on the balance sheet, as there was no derecognition of the related mortgage loans.

These notes can be used as collateral for the repurchase facilities (repo's) and/or reinsurance transactions that Aegon Levensverzekering has entered into with third parties, or alternatively sold to third party investors. At year-end 2023, € 375 million has been posted as collateral with respect to the longevity reinsurance contract with Canada Life Reinsurance and € 200 million has been posted as collateral with respect to the longevity reinsurance contract with RGA.

The following structured entities are group companies and have been consolidated:

- SAECURE 16 B.V.;
- SAECURE 17 B.V.;
- SAECURE 18 NHG B.V.;
- SAECURE 19 B.V.;
- SAECURE 20 B.V.;
- Aegon Hypotheken Financiering B.V.;
- Aegon Hypotheken Prefunding B.V.;
- Kigoi 2013 B.V.;
- Aegon Conditional Pass Through Covered Bond Company B.V.;
- Soft bullet program Knab;
- Delphinus 2023-I B.V.

The structured entities relate to the securitisation of mortgage loans or consumer credit loans. The contractual agreements with these entities do not include provisions in which a.s.r. could be required to provide financial support in certain circumstances. a.s.r. has not provided, nor has intentions to provide, financial or other support without having a contractual obligation to do so.

7.5.18 Savings deposits

Savings deposits

	2023	2022
At 1 January	-	-
Deposits	13,381	-
Withdrawals	-12,805	-
Interest credited	69	-
Other	64	-
Changes in the composition of the group	11,258	-
At 31 December	**11,967**	**-**

The savings deposits comprise € 1,134 million of savings related to 'Bankspaarhypotheken' (2022: nil). The received deposits related to the 'Bankspaarhypotheken' are directly invested in a sub participation of the mortgage of the specific client. The sub participation in the mortgages and the related deposits are shown gross in the financial statements as there is no intention to (directly) settle the deposit with the mortgage.

For more detailed information about the fair value valuation of the savings, see chapter 7.7.1.2.

An amount of € 9,925 million (2022: nil) of the savings is expected to be settled within twelve months after the balance sheet date.

7.5.19 Due to banks

See accounting policy E.

The amounts due to banks increased from € 2,264 million to € 4,512 million primarily as a result of the acquisition of Aegon NL. There is no significant difference between the carrying amount and the fair value of these liabilities (see chapter 7.7.1.2). The average interest rate for the cash collateral received in 2023 is 3.21% and based on €STR (2022: -0.01% (EONIA / €STR)).

€ 383 million (2022: € 450 million) of cash on the balance sheet has been borrowed by entering into repurchase agreements. The asset recognised for cash collateral paid on repurchase agreements is presented under investments. The liability recognised for cash collateral received on repurchase agreements is presented under due to banks. The entire amount due to banks is expected to be settled less than or equal to twelve months after the balance sheet date. The liability related to cash collateral received on derivate instruments is also included in due to banks.

a.s.r.'s unsecured Revolving Credit Facility (RCF) amounts to € 600 million (2022: € 400 million). The RCF can be used for multiple purposes including investment purposes, balance sheet management and short-term cash flow management. As per the year - end 2023 the RCF is undrawn and fully available.

An amount of € 4,507 million (2022: € 2,264 million) of due to banks is expected to be settled within twelve months after the balance sheet date.

7.5.20 Other liabilities

Other liabilities

	31 December 2023	31 December 2022
Financial liabilities		
Due to customers	186	53
Trade payables	51	2
Non-financial liabilities		
Deferred income	11	18
Short-term employee benefits	28	22
Other non-financial liabilities	1,099	626
Total other liabilities	**1,376**	**721**

The increase in other non-financial liabilities is mainly due to the acquisition of Aegon NL (see chapter 7.4.5). The remaining amount consists, amongst others, of payables, accruals related to investments and construction depots for housing mortgages.

There is no difference between the carrying value of other liabilities and their fair value (see chapter 7.7.1.2).

An amount of € 63 million (2022: € 18 million) of the other liabilities is expected to be settled more than one year after the balance sheet date.

7.6 Notes to the consolidated income statement

7.6.1 Insurance contract revenue

See accounting policy V1.

Insurance contract revenue

2023	Non-life	Life	Total
Contracts not measured under the PAA			
Amounts relating to changes in liabilities for remaining coverage:			
- Expected insurance claims, benefits and expenses	1,465	2,362	3,827
- Release of the risk adjustment for non-financial risk for risk expired	33	120	154
- CSM recognised in profit or loss for services provided	70	210	280
- Other/ experience adjustments arising from premiums not relating to future service	94	17	111
Recovery of insurance acquisition cash flows	24	6	30
	1,686	**2,716**	**4,402**
Contracts measured under the PAA	**3,693**		**3,693**
Total insurance contract revenue	**5,379**	**2,716**	**8,095**

Insurance contract revenue

2022	Non-life	Life	Total
Contracts not measured under the PAA			
Amounts relating to changes in liabilities for remaining coverage:			
- Expected insurance claims, benefits and expenses	1,257	1,081	2,338
- Release of the risk adjustment for non-financial risk for risk expired	27	108	136
- CSM recognised in profit or loss for services provided	24	97	121
- Other/ experience adjustments arising from premiums not relating to future service	133	13	146
Recovery of insurance acquisition cash flows	9	5	15
	1,451	**1,305**	**2,755**
Contracts measured under the PAA	**2,792**	**-**	**2,792**
Total insurance contract revenue	**4,242**	**1,305**	**5,547**

The increase in total Non-life (€ 1,137 million) and Life (€ 1,412 million) insurance contract revenue is mostly related to the acquired activities of Aegon NL. Furthermore, the Non-life increase is also driven by organic growth of the Health portfolio and Life by organic business growth of Pension DC-propositions.

The insurance contract revenue related to the a.s.r. and Aegon NL post-employment benefit plans of € 182 million (2022: € 142 million related to a.s.r.) are not included in the life figures since these have been eliminated in the consolidation process.

7.6.2 Insurance service expenses

See accounting policy V2.

Total insurance service expenses increased by € 2,041 million to € 7,628 million comprising claims and benefits (€ 1,864 million increase) and insurance service operating expenses (€ 177 million increase). This increase is mainly driven by the acquired activities of Aegon NL. The claims and benefits additionally increased mainly due to growth in the number of insured persons in the Health business.

7.6.3 Net expenses from reinsurance contracts

See accounting policy V1.

Net expenses from reinsurance contracts

	2023			2022		
	Non-Life	Life	Total	Non-Life	Life	Total
Allocation of reinsurance premiums paid	-122	-438	-560	-92	-17	-110
Amounts recoverable from reinsurers	110	422	532	75	12	86
Net expenses from reinsurance contracts	**-12**	**-16**	**-27**	**-18**	**-6**	**-23**

7.6.4 Direct investment income

See accounting policy V3.

Direct investment income

	2023	2022
Interest income from investments at FVTPL	1,530	779
Interest income from derivatives	2,318	659
Interest income from investments at FVOCI	18	-
Interest income from debt instruments at amortised cost	340	1
Total interest income	**4,205**	**1,439**
Dividends received	283	187
Investment income related to direct participating insurance contracts	10	10
Rental income from investment property	91	58
Other direct investment income	44	14
Total dividend and other investment income	**428**	**269**
Total direct investment income	**4,633**	**1,708**

Interest income increased mainly due to the assets acquired through the acquisition of Aegon NL. In addition, more interest income from derivatives is recognised compared to last year due to increasing interest rates.

For equity instruments measured at FVOCI, dividends received during the year amount to € 72 million (2022: € 65 million), of which € 19 million (2022: € 8 million) relates to instruments derecognised during the year.

The effective interest method has been applied to an amount of € 357 million (2022: € 1 million) of the interest income from financial instruments not classified at FVTPL. Included within interest income is nil (2022: nil) of interest received on impaired fixed-income securities.

7.6.5 Net fair value gains and (losses)

See accounting policy D and E.

Net fair value gains and (losses) per category

	2023	2022
Net fair value gains and (losses) on financial instruments measured at FVTPL		
Investments		
- Real estate equity funds	-200	-12
- Mortgage equity funds	-5	-237
- Government bonds	814	-3,226
- Corporate bonds	364	-1,283
- Asset-backed securities	-6	-8
- Rural property contracts	-	12
- Other investment funds	81	-197
- Other equity funds	30	-2
- Mortgage loans	251	-2,085
- Private loans	236	-670
Investments related to direct participating insurance contracts	2,325	-1,953
Derivatives	926	-5,739
Cash and cash equivalents	-4	-1
	4,812	**-15,401**
Net fair value gains and (losses) on financial instruments not measured at FVTPL		
Net foreign exchange gains and losses	-2	-
Derecognition of financial liabilities at amortised cost	-1	-
	-2	**-**
Other net fair value gains and (losses)		
Investment property, property for own use and plant	-91	117
	-91	**117**
Total net fair value gains and (losses)	**4,718**	**-15,284**

Negative fair value gains and losses in 2022 were due to strongly increasing interest rates and widening of credit spreads during the period. In 2023, interest rates were more stable. Net fair value gains and losses are mainly due to movements in interest rates and includes fair value gains and losses on assets acquired through the acquisition of Aegon NL. Net fair value gains and losses for investments related to direct participating insurance contracts are mainly due to movements in interest rates as well as movements in stock prices.

7.6.6 Impairments

See accounting policy C and E.

Impairments

	2023	2022
Intangible assets	-13	-
Associates and joint ventures	-	-1
Financial assets at amortised cost	-21	-
Total impairments	**-34**	**-1**
Impairments are presented in the following income statement line items:		
Impairments on financial assets	-20	-
Other expenses	-13	-1
Total impairments	**-34**	**-1**

The impairment in intangible assets relates to the impairment of goodwill in segment Distribution and Services, see chapter 7.5.1.

For more information regarding loss allowance see chapter 7.8.4.

7.6.7 Net finance income and expenses from (re)insurance contracts

See accounting policy V4.

The table below analyses the sources of finance income and expenses recognised in profit or loss and other comprehensive income in relation to the total net finance expenses from (re)insurance contracts.

Investment and (re)insurance finance result current period

31 December 2023	Non-Life	Life GMM	Life VFA	Other	Total
Investment income					
Direct investment income	392	3,583	10	647	4,633
Net fair value gains and (losses)	186	2,247	2,325	-40	4,718
Net impairment (loss)/reversal on financial assets	-	1	-	-21	-20
Amounts recognised in other comprehensive income	56	162	-	10	227
Total investment income	**634**	**5,993**	**2,335**	**596**	**9,558**
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	-	-2,288	-	-2,288
Effects of risk mitigation option	-	-	-239	-	-239
Interest accreted	-225	-1,348	-19	-	-1,592
Effect of changes in interest rates and other financial assumptions	-33	-1,232	10	-	-1,255
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	5	164	-	-	169
Total net finance expenses from insurance contracts	**-253**	**-2,416**	**-2,536**	**-**	**-5,205**
Net finance income from reinsurance contracts					
Interest accreted	8	-3	-	-	5
Other	2	-14	-	-	-11
Total net finance income from reinsurance contracts	**10**	**-16**	**-**	**-**	**-6**
Total	**391**	**3,561**	**-201**	**596**	**4,347**

Investment and (re)insurance finance result prior period

31 December 2022	Non-Life	Life GMM	Life VFA	Other	Total
Investment income					
Direct investment income	193	1,498	10	6	1,708
Net fair value gains and (losses)	-1,489	-11,830	-1,953	-12	-15,284
Amounts recognised in other comprehensive income	-130	-273	-	1	-402
Total investment income	**-1,426**	**-10,606**	**-1,943**	**-4**	**-13,978**
Net finance expenses from insurance contracts					
Changes in fair value of underlying items of direct participating contracts	-	-	1,966	-	1,966
Interest accreted	18	107	2	-	127
Effect of changes in interest rates and other financial assumptions	1,272	8,479	148	-	9,899
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-1	-88	-	-	-89
Total net finance expenses from insurance contracts	**1,289**	**8,498**	**2,117**	**-**	**11,903**
Net finance income from reinsurance contracts					
Interest accreted	1	-1	-	-	
Other	-27	-40	-	-	-67
Total net finance income from reinsurance contracts	**-26**	**-41**	**-**	**-**	**-67**
Total	**-163**	**-2,149**	**174**	**-4**	**-2,142**

Direct investment income increased due to increasing interest rates.

See chapter 7.6.5 for more information regarding net fair value gains and (losses).

Amounts recognised in other comprehensive income relate to revaluation of equity and debt instruments held at FVOCI.

7.6.8 Other finance expenses

Breakdown of the other finance expenses

	2023	2022
Other finance expenses on financial liabilities not measured at fair value		
Subordinated liabilities	-115	-51
Borrowings	-198	-3
Savings deposits	-60	-
Due to banks	-91	-11
Other financial liabilities	-2	-2
Other finance expenses on other liabilities		
Employee benefits	-142	-35
Derivatives	-2,117	-313
Other finance or fee expenses	-11	-5
Interest expenses on financial assets	-1	-28
Total other finance expenses	**-2,736**	**-449**

Finance expenses on subordinated liabilities increased due to € 1 billion Tier 2 notes issued on 22 November 2022, see chapter 7.5.12.The increase in finance expenses on borrowings is mainly due to the acquisition of Aegon NL, see chapter 7.4.5.

The increase in finance expenses on employee benefits is due to the acquisition of Aegon NL, and due to a higher interest accrual on the DB obligation of post-employment benefits pensions as a result of an increased discount rate, see chapter 7.5.15. The interest expense is calculated based on interest rates as of 31 December of the previous year. (31 December 2022: 3.67%; 31 December 2021: 0.90%).

Finance expenses on derivatives increased due to increased variable interest rates and the acquisition of Aegon NL.

7.6.9 Fee income

Fee income

	2023	2022
Asset management for third parties	85	66
Other fee income	250	134
Total fee income	**334**	**200**

Other fee income mainly relates to the fee income from the Distribution and Services entities. The increase in other fee income is mostly related to the acquired activities of Aegon NL.

7.6.10 Other income

Other income

	2023	2022
Proceeds from sales of property developments	25	11
Revenues generated by wind farms and solar parks	63	88
Revenues projects	10	-
Other income	290	11
Total other income	**389**	**109**

Other income relates mainly to the bargain purchase of € 153 million on the Aegon NL transaction and to the Framework Asset Management Agreement (FAMA) between Aegon Ltd. and a.s.r. for € 75 million, see chapter 7.4.5.

7.6.11 Operating and other expenses

Operating and other expenses

	2023	2022
Salaries and wages	-463	-316
Social security contributions	-64	-41
Employee benefit charges	-88	-61
Employee discounts	-3	-3
Other short-term employee benefits	-24	-12
Total cost of own staff	**-642**	**-433**
Cost of external staff	-94	-98
Consultancy costs and fees	-151	-111
Marketing, advertising and public relations expenses	-51	-22
Technology and system costs	-125	-71
Amortisation of other intangible assets (chapter 7.5.1)	-28	-11
Depreciation of property, plant and equipment (chapter 7.5.2)	-24	-17
Restructuring provision expenses	-58	-4
Commission expenses	-778	-612
Costs associated with sale of development property	-7	-33
Operating expenses of wind farms and solar parks	-29	-24
Impairments on non-financial assets	-13	-1
Release of the loss component for onerous contracts	-18	-15
Other	-383	14
Amounts attributed to insurance acquisition cash flows	22	13
Insurance acquisition cash flows recognised in profit or loss	-15	-2
Total operating and other expenses	**-2,393**	**-1,427**

Presentation of the operating and other expenses in the income statement

	2023	2022
Total operating expenses are presented in the following income statement line items:		
Insurance service expenses	-1,227	-1,050
Investment operating expenses	-216	-70
Other expenses	-950	-307
Total operating and other expenses	**-2,393**	**-1,427**

The increase of total operating and other expenses primarily reflects the larger cost base including Aegon NL. The agreement with claim organisations on Unit Linked life insurance transparency resulted in an increase of other expenses of € 300 million and includes an additional provision of € 50 million to facilitate individual claims of customers in distressing situations (see chapter 7.5.16).

Segmentation of a.s.r.'s internal workforce

Segments	2023	2022
Non-life	1,810	1,541
Life	735	488
Asset Management	808	409
Banking	438	0
Distribution and Services	2,396	745
Holding and Other	1,807	1,130
Total workforce	**7,994**	**4,313**

The increase of a.s.r.'s total internal workforce is mainly the result of the acquisition of Aegon NL (see chapter 7.4.5). Total workforce of 2023 include 4,479 a.s.r. stand-alone colleagues and 3,515 ex-Aegon NL colleagues.

Employees related to administrative activities and overhead are allocated to segment Holding and Other.

7.6.12 Income tax expense

Income tax (expense) / gain

	2023	2022
Current taxes for the current period	-136	39
Current taxes referring to previous periods	-6	9
Total current tax	**-142**	**47**
Deferred taxes arising from current period	-161	559
Total deferred tax	**-161**	**559**
Total income tax (expense) / gain	**-303**	**606**

The expected income tax expense is determined by applying the tax rate in the Netherlands to the result before tax. In 2023, this rate was 25.8% (2022: 25.8%). The enacted tax rate for 2024 will be 25.8%.

Reconciliation of expected income tax (expense) / gain with the actual income tax (expense) / gain

	2023	2022
Result before tax from continuing operations	1,389	-2,323
Current tax rates	25,8%	25,8%
Expected income tax expense	**-358**	**599**
Effects of:		
Tax on interest on other equity instruments	12	12
Tax-exempt dividend	9	8
Tax-exempt capital gains	1	-5
Tax-exempt associates and joint ventures	1	-
Tax-exempt other income	6	-
Changes in impairments	-6	-3
Other effects	32	-6
Total income tax (expense) / gain	**-303**	**606**

The result is almost entirely earned and taxable in the Netherlands.

The effective income tax rate is 21.8% (2022: 26.1%). This decrease is mainly due to a negative tax result impact in relation to the tax exemption of capital gains.

7.7 Other notes

7.7.1 Fair value of assets and liabilities

See accounting policy B.

7.7.1.1 Financial assets and liabilities measured at fair value

Breakdown of financial assets measured at fair value

31 December 2023	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments at FVTPL				
Investments - transferred under repurchase agreements				
Government bonds	213	-	-	213
	213	**-**	**-**	**213**
Investments - own risk				
Real estate equity funds	-	-	5,380	5,380
Mortgage equity funds	-	-	997	997
Debt equity funds	19	70	684	772
Government bonds	15,109	745	-	15,854
Corporate bonds	9,204	744	-	9,948
Asset-backed securities	-	-	3,013	3,013
Other investment funds	606	974	572	2,153
Equities	247	-	-	247
Mortgage loans	-	-	24,494	24,494
Private loans	2,365	8,932	12	11,309
	27,550	**11,465**	**35,152**	**74,167**
Investments related to direct participating insurance contracts				
Real estate equity funds	278	-	-	278
Mortgage equity funds	-	-	271	271
Debt equity funds	18	-	-	18
Government bonds	6,013	-	-	6,013
Corporate bonds	2,936	-	-	2,936
Asset-backed securities	-	-	351	351
Other investment funds	518	258	421	1,197
Derivatives	12	86	-	98
Equities	14,252	-	-	14,252
Mortgage loans	-	-	1,357	1,357
Private loans	-	208	-	208
Other investments	1,989	1,386	-	3,375
	26,016	**1,937**	**2,400**	**30,352**

Breakdown of financial assets measured at fair value

31 December 2023	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments at FVOCI				
Government bonds	280	79	-	359
Corporate bonds	461	60	-	521
Equities	2,291	-	58	2,348
Preference shares	-	75	4	79
Other participating contracts	5	-	-	5
	3,036	**214**	**62**	**3,312**
Derivatives				
Foreign exchange contracts	-	57	-	57
Interest rate contracts				
- Swaps	-	11,655	-	11,655
- Options	-	709	-	709
- Futures	1	77	-	78
Equity index contracts	29	21	-	49
Inflation linked swaps	-	358	-	358
	29	**12,878**	**-**	**12,907**
Cash and cash equivalents	7,910	-	-	7,910
Total financial assets measured at fair value	**64,755**	**26,493**	**37,613**	**128,861**

Breakdown of financial liabilities measured at fair value

31 December 2023	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Financial liabilities				
Derivatives				
Foreign exchange contracts	-	116	-	116
Interest rate contracts				
- Swaps	-	9,766	-	9,766
- Options	-	59	-	59
- Futures	90	-	-	91
Equity index contracts	-	79	-	79
Inflation linked swaps	-	21	-	21
	90	**10,041**	**-**	**10,132**
Total financial liabilities measured at fair value	**90**	**10,041**	**-**	**10,132**

Breakdown of financial assets measured at fair value

31 December 2022	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments at FVTPL				
Investments - transferred under repurchase agreements				
Government bonds	437	-	-	437
	437	**-**	**-**	**437**
Investments - own risk				
Real estate equity funds	-	-	4,092	4,092
Mortgage equity funds	-	-	1,008	1,008
Government bonds	8,646	204	22	8,872
Corporate bonds	7,149	117	6	7,272
Asset-backed securities	6	-	407	413
Other investment funds	759	705	141	1,605
Equities	67	-	-	67
Mortgage loans	-	-	9,074	9,074
Private loans	1,668	4,507	15	6,191
	18,296	**5,534**	**14,765**	**38,594**
Investments related to direct participating insurance contracts				
Real estate equity funds	170	-	-	170
Mortgage equity funds	-	-	252	252
Government bonds	1,543	-	-	1,543
Corporate bonds	1,386	-	-	1,386
Equities	6,486	-	-	6,486
Other investments	72	4	-	76
	9,657	**4**	**252**	**9,912**

Breakdown of financial assets measured at fair value

31 December 2022	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments at FVOCI				
Equities	1,676	-	67	1,743
Preference shares	-	293	5	297
Other participating contracts	6	-	-	6
	1,683	**293**	**71**	**2,046**
Derivatives				
Foreign exchange contracts	-	80	-	80
Interest rate contracts				
- Swaps	-	5,116	-	5,116
- Options	-	275	-	275
- Futures	102	113	-	215
Equity index contracts	31	-	-	31
Inflation linked swaps	-	44	-	44
	133	**5,628**	**-**	**5,761**
Cash and cash equivalents	2,246	-	-	2,246
Total financial assets measured at fair value	**32,451**	**11,458**	**15,088**	**58,996**

Breakdown of financial liabilities measured at fair value

31 December 2022	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Financial liabilities				
Derivatives				
Foreign exchange contracts	-	29	-	29
Interest rate contracts				
- Swaps	-	5,653	-	5,653
	-	**5,681**	**-**	**5,681**
Total financial liabilities measured at fair value	**-**	**5,681**	**-**	**5,681**

Cash and cash equivalents are classified as level 1 when not subject to restrictions.

Reclassification between categories

2023	To level 1	To level 2	To level 3	Total
From				
Level 1: Fair value based on quoted prices in active market	-	125	-	**125**
Level 2: Fair value based on observable market data	145	-	-	**145**
Level 3: Fair value not based on observable market data	-	-	-	**-**

Debt instrument funds are adjusted from level 2 to level 1 (€ 145 million) and from level 1 to level 2 (€ 125 million). Those movements are based respectively on increased and decreased observability of the inputs during the period.

Reclassification between categories

2022	To level 1	To level 2	To level 3	Total
From				
Level 1: Fair value based on quoted prices in active market	-	51	35	**85**
Level 2: Fair value based on observable market data	-	-	-	**-**
Level 3: Fair value not based on observable market data	-	-	-	**-**

Debt instrument funds are adjusted from level 1 to level 2 (€ 51 million) and from level 1 to level 3 (€ 35 million). Those movements are based on decreased observability of the inputs during the period.

The following two tables show the movement in financial assets measured at fair value including investments relating to direct participating insurance contracts and investment property that are categorised within level 3.

Changes in financial assets classified as FVOCI categorised within level 3

	2023	2022
At 1 January	71	66
Unrealised gains and losses recognised in other comprehensive income	-9	6
At 31 December	**62**	**71**

Changes in financial assets at FVTPL categorised within level 3

	2023	2022
At 1 January	15,016	15,361
Changes in value of investments, realised/unrealised gains and losses:		
- Fair value gains and losses	161	-2,388
Purchases	5,735	5,676
Disposals	-3,400	-3,988
Repayments	-1,357	-1,137
Reclassification of investments from/to level 3 valuation technique	-	35
Net transfer of real estate equity funds	-	1,456
Exchange rate differences	-6	-
Other changes	-170	-
Changes in the composition of the group	21,571	-
At 31 December	**37,551**	**15,016**
Total revaluations of investments, held at end of period, recognised in the income statement	**220**	**-2,207**

Changes in the composition of the group relate to the acquisition of Aegon NL, see chapter 7.4.5.

Unobservable inputs used in determining the fair value for financial assets measured at fair value (recurring basis) that are categorised within level 3

Investments at FVOCI

The main non-observable market input for the equities classified as level 3 is the net asset value as published by the investee. It is estimated that a 10% increase in valuation of these equities would have no impact on net result due to the non-recycling nature of equity treatment, but would increase equity by € 6 million (2022: € 7 million), being approximately 0.1% (before tax) (2022: 0.1% (before tax)) of total equity.

Investments at FVTPL

The mortgage loan portfolio is classified as level 3 'not measured on the basis of market observable market data'. Non-observable market inputs are used in the valuation methods, in addition to the observable market inputs. The valuation method used to determine the fair value of the mortgage loan portfolio is based on the mortgage spread of the risk-free interest rate curve and assumptions for unexpected full prepayments, originating costs, and the options related to early redemption and moving. A slight increase in the mortgage spread used would result in a significant decrease in fair value, and vice versa.

The mortgage loan portfolio consists of high quality mortgages with a relatively fixed return, limited arrears. The mortgage loan portfolio consists only of Dutch mortgages with a limited counterparty default risk in line with the strategic investment plan, see chapter 7.8.4.

The fair value of asset-backed securities is based on quotes retrieved from brokers or data vendors. The quotes are validated monthly and challenged if deemed necessary. The fair value of securitizations are determined based on a discounted cash flow model in case market quotes are insufficiently liquid.

The main non-observable market input for the other investment funds classified as level 3 is the net asset value as published by the investee. It is estimated that a 10% increase in valuation of these equities would increase result before tax and equity by € 57 million (2022: € 14 million), being approximately 0.6% (before tax) (2022: 0.2% (before tax)) of total equity.

The method of determining the fair value of the mortgage equity funds is based on the valuation of the underlying mortgage loans. The discounting curve used in this valuation is based on the two lowest tariffs in the market, excluding a.s.r.'s.

The table below discloses the sensitivities to non-observable market inputs for the real estate equity funds.

Unobservable and observable inputs used in determination of fair value

31 December 2023								Change in theoretical rental value		
	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	-5%	0%	5%
Investments at fair value through profit or loss										
Real estate equity funds associates	3,357	DCF		116,418,080		3.5%	-5%	-	177	353
							0%	-168	-	168
							5%	-320	-160	-
Real estate equity funds third parties	2,023									
Total real estate equity funds	**5,380**									

In this table, the real estate equity funds associates acquired through the acquisition of Aegon NL are classified as real estate equity funds third parties.

Unobservable and observable inputs used in determination of fair value

31 December 2022	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	Change in theoretical rental value -5%	0%	5%
Investments at fair value through profit or loss										
Real estate equity funds associates	3,557	DCF		110,918,322		3.1%	-5%	-	187	374
							0%	-178	-	178
							5%	-339	-169	-
Real estate equity funds third parties	535									
Total real estate equity funds	**4,092**									

The main non-observable market input for the real estate equity funds third parties is the net asset value as published by the investee. An increase or decrease in the net asset value of equities classified as level 3 will have a direct proportional impact on the fair value of the investment.

7.7.1.2 Financial assets and liabilities not measured at fair value

Breakdown of financial assets and liabilities not measured at fair value

31 December 2023	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value	Total carrying value
Financial assets					
Mortgage loans	-	-	14,308	14,308	14,590
Private loans	-	-	178	178	185
Other financial assets	494	599	-	1,093	1,092
Total financial assets not measured at fair value	**494**	**599**	**14,485**	**15,578**	**15,867**
Financial liabilities					
Subordinated liabilities	-	2,118	-	2,118	2,005
Borrowings	-	6,365	88	6,453	6,384
Savings deposits	-	-	12,121	12,121	11,967
Due to banks	4,312	200	-	4,512	4,512
Other financial liabilities	54	189	-	243	237
Total financial liabilities not measured at fair value	**4,366**	**8,872**	**12,209**	**25,447**	**25,104**

Breakdown of financial assets and liabilities not measured at fair value

31 December 2022	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value	Total carrying value
Financial assets					
Other financial assets	27	220	-	247	247
Total financial assets not measured at fair value	**27**	**220**	**-**	**247**	**247**
Financial liabilities					
Subordinated liabilities	-	1,950	-	1,950	2,005
Borrowings	-	123	62	185	188
Due to banks	2,189	75	-	2,264	2,264
Other financial liabilities	9	46	-	55	55
Total financial liabilities not measured at fair value	**2,198**	**2,194**	**62**	**4,454**	**4,512**

The method of determining the fair value of the mortgage loans at amortised cost is the same to that of mortgage loans held at FVTPL. For information regarding the measurement of the fair value of the mortgage loans, see chapter 7.7.1.1.

Amounts due to banks classified as level 1 primarily comprise the liability recognised for the cash collateral received.

7.7.1.3 Property (including land and buildings for own use and plant)

Breakdown of the fair value of the investment property, land and buildings for own use and plant

31 December 2023	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investment property	-	-	3,051	3,051
Land and buildings for own use	-	-	168	168
Plants	-	-	417	417
Total	**-**	**-**	**3,636**	**3,636**

Breakdown of the fair value of the investment property, land and buildings for own use and plant

31 December 2022	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investment property	-	-	664	664
Land and buildings for own use	-	-	115	115
Plants	-	-	480	480
Total	**-**	**-**	**1,259**	**1,259**

The property portfolio are classified as a level 3 'not measured on the basis of market observable market data'. Non- observable market inputs are used in the valuation methods, in addition to the observable market inputs. The fair value measurement at reporting date is based on valuations by independent professional appraisers. These valuations have been performed annually, with quarterly updates, for the entire portfolio of investment property, buildings for own use and plant. Independent professional appraisers use reference transactions of comparable properties, in combination with the DCF and income capitalisation method, to determine the fair value of the property or plant. The reference transactions of comparable objects of the property portfolio are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch Government 'Grondprijsmonitor' in an active property market.

The property has a relatively fixed return. The property portfolio is well diversified and consists of residential, retail, offices and rural property, throughout the Netherlands. The retail portfolio focusses on high street locations with relative low vacancy rates. The following table shows a breakdown of the fair value and vacancy rates of the portfolio of investment property.

Breakdown of investment property

	Fair value		Vacancy rate	
	31 December 2023	31 December 2022	2023	2022
Retail	155	159	3.9%	3.1%
Residential	2,347	1	1.7%	-
Rural	207	202	-	-
Offices	287	290	10.4%	8.4%
Property under development	43	-	100.0%	-
Parking	13	13	-	-
Total	**3,051**	**664**	**3.9%**	**3.5%**

The movements in plant and investment property measured at fair value (recurring basis) that are categorised within level 3 are presented in chapter 7.5.2 and chapter 7.5.3.

Significant inputs to the Level 3 values of investment property are the net initial yield and market rental value. These inputs are verified with the following market observable data:

- Market rent per square meter for renewals and their respective re-letting rates;
- Reviewed rent per square meter;
- Investment transaction of comparable objects;
- The 10 year Dutch Government Bond Yield (%) rate as published by the DNB.

The significant unobservable and observable inputs to the Level 3 values of plant are the energy prices and market interest rates. An increase (decrease) of the discount rate will lead to a lower (higher) fair value measurement

The table below discloses the sensitivities to non-observable market inputs for the property portfolio (excluding property under development, parking and plant).

Unobservable and observable inputs used in determination of fair value

31 December 2023								Change in theoretical rental value		
	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	-5%	0%	5%
Investment property - Fair value model										
Retail	155	DCF	total	11,834,440	mean	7.6%	-5%	-	8	16
			max	1,775,241	max	10.4%	0%	-8	-	8
			min	9,149	min	3.6%	5%	-15	-7	-
Residential	2,347	DCF	total	107,232,363	mean	4.6%	-5%	-	124	247
			max	5,277,404	max	25.9%	0%	-117	-	117
			min	4,807	min	2.6%	5%	-223	-112	-
Rural	207	DCF	total	5,675,431	mean	2.7%	-5%	-	11	22
			max	733,743	max	7.1%	0%	-10	-	10
			min	3,578	min	0.5%	5%	-20	-10	-
Offices	287	DCF	total	19,006,243	mean	6.6%	-5%	-	15	30
			max	6,246,961	max	9.6%	0%	-14	-	14
			min	58,024	min	3.9%	5%	-27	-14	-
Property under development	42									
Parking	13									
Land and buildings for own use	**167**	DCF	total	14,446,774	mean	8.9%	-5%	-	9	17
			max	8,645,359	max	17.4%	0%	-8	-	8
			min	1,542,905	min	6.9%	5%	-15	-8	-
Plant	**417**									
Total	**3,636**									

Unobservable and observable inputs used in determination of fair value

31 December 2022	Fair value	Valuation technique	Gross	Gross theoretical rental value (€)	Gross	Gross yield (%)	Change in yield	Change in theoretical rental value -5%	0%	5%
Investment property - Fair value model										
Retail	159	DCF	total	11,340,229	mean	7.1%	-5%	-	8	17
			max	1,641,470	max	9.6%	0%	-8	-	8
			min	14,940	min	3.7%	5%	-15	-8	-
Residential	1	DCF	total	76,600	mean	7.9%	-5%	-	-	-
			max	76,600	max	7.9%	0%	-	-	-
			min	76,600	min	7.9%	5%	-	-	-
Rural	202	DCF	total	4,754,747	mean	2.4%	-5%	-	11	21
			max	1,776,687	max	3.8%	0%	-10	-	10
			min	500	min	0.5%	5%	-19	-10	-
Offices	290	DCF	total	19,406,800	mean	6.7%	-5%	-	15	30
			max	5,280,212	max	9.8%	0%	-14	-	14
			min	52,513	min	4.4%	5%	-28	-14	-
Property under development	-									
Parking	13									
Land and buildings for own use	**115**	DCF	total	8,273,071	mean	7.5%	-5%	-	6	12
			max	8,273,071	max	7.5%	0%	-5	-	5
			min	8,273,071	min	7.5%	5%	-10	-5	-
Plant	**480**									
Total	**1,259**									

7.7.2 Offsetting of financial assets and liabilities

The following tables include information about rights to offset and the related arrangements. The amounts included consist of all recognised financial instruments that are presented net in the balance sheet under the IFRS-EU offsetting requirements (legal right to offset and intention to settle on a net basis) and amounts presented gross in the balance sheet but subject to enforceable master netting arrangements or similar arrangements.

a.s.r. mitigates credit risk in derivative contracts by entering into collateral agreements, where practical, and in ISDA master netting agreements for each of the legal entities of a.s.r. to facilitate a.s.r.'s right to offset credit risk exposure. The credit support agreement will normally dictate the threshold over which collateral needs to be pledged by a.s.r. or its counterparty. Transactions requiring a.s.r. or its counterparty to post collateral are typically the result of over-the-counter derivative trades, comprised mostly of interest rate swaps, currency swaps and credit swaps. These transactions are conducted under terms that are usual and customary to standard borrowing, derivative, securities lending and securities borrowing activities, as well as requirements determined by exchanges where the bank acts as intermediary.

Offsetting of financial assets

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position: Financial instruments	Cash Collateral received (excluding surplus)	Net amount
31 December 2023						
Derivatives	12,821	-	12,821	9,210	3,579	32
Total financial assets	**12,821**	**-**	**12,821**	**9,210**	**3,579**	**32**
31 December 2022						
Derivatives	5,722	-	5,722	4,114	1,608	-
Total financial assets	**5,722**	**-**	**5,722**	**4,114**	**1,608**	**-**

Offsetting of financial liabilities

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements				Financial instruments	Cash Collateral pledged (excluding surplus)	
31 December 2023						
Derivatives	10,131	-	10,131	9,210	833	88
Total financial liabilities	**10,131**	**-**	**10,131**	**9,210**	**833**	**88**
31 December 2022						
Derivatives	5,681	-	5,681	4,114	1,567	-
Total financial liabilities	**5,681**	**-**	**5,681**	**4,114**	**1,567**	**-**

7.7.3 Related party transactions

A related party is a person or entity that has significant influence over another entity, or has the ability to affect the financial and operating policies of the other party. Parties related to a.s.r. include associates, joint ventures, key management personnel, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other affiliated entity.

The group regularly enters into transactions with related parties during the conduct of its business. These transactions mainly involve loans, deposits and commissions, and are conducted on terms equivalent to those that prevail in arm's length transactions.

The remuneration of the key personnel is disclosed in chapter 7.7.4.

The DB obligation of Aegon NL classifies as multiple-employer contract. For more information, see chapter 7.5.15.1.

Positions and transactions between a.s.r., associates, joint ventures and other related parties

The table below shows the financial scope of a.s.r.'s related party transactions:

- Associates;
- Joint ventures.

Financial scope of a.s.r.'s related party transactions current year

	Associates	Joint ventures	Total
2023			
Balance sheet items with related parties as at 31 December			
Loans and receivables	41	4	45
Other liabilities	140	-	140
Transactions in the income statement for the financial year			
Fee income	75	-	75
Operating and other expenses	1	-	1

Financial scope of a.s.r.'s related party transactions prior year

	Associates	Joint ventures	Total
2022			
Balance sheet items with related parties as at 31 December			
Loans and receivables	37	8	45
Other liabilities	176	-	176
Transactions in the income statement for the financial year			
Fee income	74	-	74
Operating and other expenses	1	-	1

No provisions for impairments have been recognised on the loans and receivables for the years 2023 and 2022.

At 4 July 2023 the Management Board (MB) was introduced and replaced the Business Executive Committee (BEC). The three members of the Executive Board (EB) are also members of the MB. The members of the MB have mortgage loans with a.s.r. amounting to € 2,413 thousand (2022: € 435 thousand including BEC). The mortgages have been issued subject to normal employee conditions. The employee conditions include limits and thresholds to the amounts that qualify for a personnel interest-rate discount. For mortgage loans higher than € 340 thousand arm's length condition apply. The average interest on the mortgage loans for MB-members is 2.45% (2022: 2.6%). In 2023, the mortgage loans of MB-members were settled for an amount of € 89 thousand (2022: € 61 thousand). The Supervisory Board (SB) has no mortgage loans.

In 2023, a.s.r. paid € 68 million dividend to Aegon Ltd. and a.s.r. issued a group loan of € 285 million to Knab.

7.7.4 Key management personnel remuneration

Transactions with key management personnel (EB, BEC members, MB members and SB) are transactions with related parties. Additional information on the remuneration of members of the EB and SB is disclosed in the remuneration report; see chapter 5.3.

Annual remuneration key management personnel

Amounts in € thousands	Executive board	MB members[1]	BEC members[2]	SB[3]	Total 2023	Executive board	MB members	BEC members	SB	Total 2022
Fixed compensation										
Base salary in cash	2,635	717	1,510	283	5,145	2,388	-	3,080	190	5,658
Base salary in shares	323	66	-	-	389	-	-	-	-	-
Fees	-	-	-	100	100	-	-	-	88	88
Fringe benefits[4]	63	36	109		208	55	-	177	-	232
Other										
Pension expense[5]	525	120	330	-	976	489	-	677	-	1,165
Total remuneration	**3,547**	**940**	**1,949**	**382**	**6,818**	**2,932**	**-**	**3,933**	**278**	**7,143**

In the table above, 'Executive Board' refers to the three members of the EB as at 31 December 2023. The three members of the EB were also members of the BEC, until 3 July 2023. At 4 July 2023 the Management Board (MB) was introduced and replaced the BEC. The three members of the EB are also members of the MB.

In the table above, 'BEC' refers to the eight (2022: nine) members of the BEC, i.e. those members that are not also member of the EB in the table above. The remuneration figures for 2023 reflects a partial year. 'MB' refers to the three members of the MB, i.e. those members that are not also member of the EB in the table above. The remuneration figures for 2023 reflects a partial year.

In 2023, a.s.r. has introduced the revised remuneration policy for EB and MB members. The revised remuneration policy is an add-on to the existing policy to acquire a.s.r. shares under the ESPP, resulting from the transaction with Aegon NL.

The number of shares that are allocated (granted) to MB members is 1,035 shares. The shares are purchased by the MB at a discount of 18.5%. The average grant price of the share is € 32.12, which is equal to the opening stock price on the Euronext Amsterdam stock exchange on the 1st trading day after the salary-payment date in each month in the period July to December 2023, taken into consideration the aforementioned discount.

The personnel conditions, e.g. discount on non-life insurance products, that apply to all personnel also apply to key management personnel.

7.7.5 Employee Share Purchase Plan

In 2019 a.s.r. issued an employee share purchase plan (ESPP or 'the plan'). a.s.r. employees are thereby given the opportunity to acquire a.s.r. shares at a discount. a.s.r. can suspend or withdraw the plan at any time. There is no option under the plan for either a.s.r. or the employee to settle in cash or other assets. Therefore the plan is an equity-settled share-based payments plan.

In 2023, a.s.r. has introduced the revised remuneration policy for EB and MB members, see chapter 7.7.4.

Under the terms of the plan the granting and vesting is predefined. The grant date of the plan is the moment the employee registers to participate in the plan. The shares vest immediately on the transaction date when cash is received from the employee, unconditionally, subject only to a post-vesting transfer restriction of five years. Otherwise, there are no specific restrictions to the share (i.e. voting power, dividend restrictions).

The employees purchase the shares at a discount of 18.5%. The fair value of the a.s.r. share with a lock-up of five years at the grant date equals the purchased price by the employee. The ESPP has an impact on equity through the adjustment in the treasury shares and retained earnings. See chapter 7.5.11.5 Treasury shares for more information.

The number of shares purchased by employees during the reporting period was 159 thousand for an amount of € 5 million (2022: 124 thousand for an amount of € 4 million).

1 J.F. Sappelli was appointed as CHRO and Member of the MB of a.s.r. on 4 July 2023. R.E. Dekker was appointed as CRO and Member of the MB of a.s.r. on 4 July 2023. W. van den Berg was appointed as COO Life and Member of the MB of a.s.r. on 4 July 2023. The remuneration figures for 2023 reflect a partial year.
2 One director left the BEC in 2023. Four directors joined the BEC and three directors left the BEC in 2022.The remuneration figures reflect a partial year as a member of the BEC.
3 D. Jansen Heijtmajer was appointed as a Member of the SB of a.s.r. and as Member of the N&ESG Committee of the SB of a.s.r. on 4 July 2023. E. Friese was appointed as a Member of the SB of a.s.r. and as Member of the A&RC Committee of the SB of a.s.r. on 4 July 2023. The remuneration figures reflect a partial year as member of the SB.
4 Variations arise as a result of the fiscal treatment of lease vehicles depending on the price and private use of the car, personal allowance and social security.
5 The annual pension expenditure is based on a premium table. Further changes in the cost of pension benefits are mainly due to the impact of age. The pension costs include DC pensions based on maximum pensionable salary cap, compensation for the maximum pensionable salary cap (to be used for pensions at the employees' discretion), and VPL. The amount presented is excluding amounts related to the indexation of the defined benefit plan, as they are not expenses in the current year.

7.7.6 Contingent liabilities and assets

7.7.6.1 General claims and disputes

The group is a respondent in a number of claims, disputes and legal proceedings arising from the normal conduct of business.

Provisions are formed for such occurrences if, in management's opinion and after consultation with its legal advisors, a.s.r. is likely to have to make payments and the payable amount can be estimated with sufficient reliability. The costs of the compensation scheme for unit-linked insurance contracts have been fully recognised in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognised in the liabilities arising from insurance contracts (see chapter 7.5.13) and legal provisions (see chapter 7.5.16).

Dutch insurers see an increase in insurance policies complaints / claims based on grounds other than the cost compensation. Current and possible future legal proceedings could have a substantial financial and reputational impact. However it is not possible at this time to make reliable estimates of the number of expected proceedings, possible future precedents and the financial impact of current and possible future proceedings. Currently there are no indications that such a provision would be necessary for a.s.r.

Legal claims on the indexation clause are causing uncertainty for the residential rental sector in the Netherlands as a whole. During 2023, one of the a.s.r. real estate funds was litigated against in relation to increasements in rental prices by the lessor as included in all standard residential contracts and in line with 'Raad voor Onroerende Zaken' standards. The legal department is working together with external legal advisors in order to mitigate this risk. The outcome of the current litigation is uncertain and could possibly mean that part or all the rental increasements would have to be paid back. In that case, this would not only impact a.s.r. but also the entire residential investment market. Although a.s.r. currently does not expect the pending litigation to have a material impact on a.s.r., there can be no assurances that this matter will not ultimately result in a material adverse effect on a.s.r.'s business, results of operations and financial position.

As for other claims and legal proceedings, against a.s.r. known to management (and for which, in accordance with the defined principles, no provision has been formed), management believes, after having sought expert advice, that these claims have no chance of success, or that a.s.r. can successfully mount a defense against them, or that the outcome of the proceedings is unlikely to result in a significant loss for a.s.r. For further information related to the Unit-Linked Products (beleggingsverzekeringen), see chapter 7.7.6.2.

7.7.6.2 Pending litigation portfolio and product-related issues

Unit-linked products (beleggingsverzekeringen)

Since the end 2006 the unit-linked policies (beleggingsverzekeringen) received negative attention in the media and from political and regulatory sources. The criticism and scrutiny on unit-linked life insurance products led to significant compensation arrangements and product improvement programmes by Dutch insurance companies, including a.s.r. However, individual customers as well as policyholder advocate groups and their representatives continue to focus on the fees and charges included in products, alleged transparency aspects, as well as that consumers did not receive sufficient compensation based on the compensation arrangements. a.s.r. expects this to remain an issue for the industry for the foreseeable future. Exposure and attention will be stimulated by court cases.

Proceedings in which a.s.r. is involved

a.s.r. is currently subject to a number of collective actions:

- Vereniging Woekerpolis.nl
- Consumentenbond
- Stichting Wakkerpolis

The claims have been rejected by a.s.r. and a.s.r. defends itself in these legal proceedings.

Developments in 2023

On 26 September 2023, The Court of Appeal in The Hague stipulated (regarding the class action between Woekerpolis.nl and Aegon life and Aegon spaarkas) that there was no consent for certain costs and the level of cost and risk premium. Given the wide variety of products and product documentation, the ruling cannot be applied to the other cases and/or products from a.s.r. The ruling does not dictate compensation, nor has the Court of Appeal taken into consideration any of the compensation arrangements that customers may have received already in the past. The Court further ruled that there were no unfair terms, that sufficient warning had been given about the risks of these products and that there were no defective products. a.s.r. believes that the lack of consent on certain (level of) costs and risk premium is resolved by adopting levels that are considered fair and reasonable in compensation arrangements given in the past.

In November 2023, in order to resolve these long-lasting and historical disputes a.s.r. initiated a settlement agreement with five consumer protection organisations. The settlement is not an acknowledgement of too high costs, risk premiums and/or charges. a.s.r. also set up a leniency scheme for customers who are not affiliated with a consumer protection organisation for distressing cases that are assessed on their merits. All existing collective proceedings against a.s.r. and Aegon NL will be withdrawn once the 90% threshold has been achieved. No new (collective) proceeding will be initiated by the foundations nor their individual representatives against a.s.r. and/or Aegon NL. See chapter 7.5.16 for details.

As the settlement agreement will only become final once 90% of the affiliated customers agree to the settlement, it was necessary for Aegon life and Aegon spaarkas to file an appeal in cassation with the Supreme Court on 21 December 2023.

Developments in similar cases against other Dutch insurers currently before regulators, Kifid and courts may also affect a.s.r. These matters will be defended; however, at this time, due to the nature and the type of claims, it is not practicable for a.s.r. to quantify a range or maximum liability or the timing of the financial impact, if any. There can be no assurance that such claims may not have a material adverse effect on a.s.r.'s results of operations or financial position. However, with the November 2023 settlement agreement the remaining risks of a material adverse effect have been limited.

Optas

In 2019 Optas had been merged into Aegon life, based on prior approval and instruction by the DNB. A limited number of policyholders opposed the merger and appealed the permission of DNB at the administrative Court. On 13 February 2023 the administrative Court granted the objections and annulled the permission granted by the DNB. The Court found that DNB should have required that all policyholders should have been individually informed in writing regarding the merger and given the possibility to oppose the merger. The Court also found that DNB should have shared all (including those marked classified and sensitive) documents relating to the permission to the objectors. Based on the Wft the legality of the merger is not affected by an administrative annulment. This has been confirmed by ruling of the civil Court in a case against Aegon life, that is now subject of a pending appeal. Though Aegon life does not expect the pending litigation at the civil Court to have a material impact, if any, there can be no assurances that these matters, will not ultimately result in a material adverse effect on a.s.r.'s business, results of operations and financial position.

Securities leasing products ("aandelenlease")
Lawsuits have been brought against providers of securities leasing products ('aandelenlease producten'). Although sales of securities leasing products ended more than a decade ago, litigation relating to these products has resurfaced. In December 2020 Knab reached an agreement in principle on a settlement with Leaseproces B.V. for claims regarding Vliegwiel and Sprintplan customers represented by Leaseproces. On 4 June 2021 Aegon NL and Leaseproces B.V. announced it had finalised its agreement to settle these claims. By the end of the response period, 99.7% of Vliegwiel customers and 94.5% of Sprintplan customers had agreed to the proposed settlement. Full performance of the agreement ended in 2022. There are still some individual claims pending at the courts and Kifid.

7.7.6.3 Obligations and guarantees

Investment obligations for an amount of € 467 million (2022: € 366 million) have been assumed / issued for investment property.

Investment obligations and guarantees for a total amount of € 15 million (2022: € 16 million) have been issued, for real estate development projects and the acquisition of property. Those guarantees were issued by principals for the execution of projects for the benefit of clients.

In October 2017, Aegon NL sold its shares in Unirobe Meeùs Groep (UMG) for € 295 million to Aon Groep Nederland. Under the share purchase agreement between Aegon NL and the buyer, a.s.r. (after the business combination with Aegon NL) indemnifies and holds the buyer and its group (including UMG) harmless for and against any damage suffered or incurred which is the result of the Unit Linked Insurances Claims until 2027 with respect to Unit Linked Policies in the portfolio of UMG prior to 1 January 2017. The aggregate liability for a.s.r. is maximised at an amount equal to the purchase price.

The sale of real estate which relates to properties that are under contract to be sold as per 31 December 2023 amounts to € 87 million (2022: € 190 million). Real estate commitments represent the committed pipeline of investments in real estate projects.

The Dutch guarantee fund for motorised traffic has a latent claim on all insurers offering legal liability products. In line with the advise of the guarantee fund a.s.r.'s contingent liability is € 13 million (2022: € 10 million).

a.s.r. also had irrevocable facilities of € 1.752 million (2022: € 391 million) which mainly relate to mortgage loan offers issued. Mortgage loan commitments represent undrawn mortgage loan facilities provided and outstanding proposals on mortgages. The sale of mortgage loans relates to pre-announced redemptions on mortgage loans and amounts to € 18 million.

The share of contingent liabilities incurred in relation to interests in joint ventures amounts to € 14 million. These contingent liabilities not shown in the statement of financial position relate to investment obligations entered into by a.s.r. (for its share of approximately 50%) for real estate development projects of Amvest.

Furthermore, a.s.r. has entered into private loans agreements (purchases € 96 million; sales € 396 million) and private equity agreements (sales € 100 million). Other commitments mainly consist of future purchases of interests in investment funds and amounts to € 337 million.

7.7.6.4 Expected future lease payments

The following table sets out the expected future lease payments for investment property and plants, showing the undiscounted lease payments to be received after the reporting date.

Expected minimum future lease payments on non-cancellable investment property lease and plants

	31 December 2023	31 December 2022
To be received within 1 year	37	33
To be received between 1 and 2 years	30	29
To be received between 2 and 3 years	25	25
To be received between 3 and 4 years	20	21
To be received between 4 and 5 years	15	17
To be received after 5 years	97	89
Total undiscounted lease payments	**224**	**214**

The investments properties, in retail, residential, offices and rural markets are leased to third parties, consisting of various lease terms in a range between shorter than one year and undetermined period with competitive rents mostly indexed to consumer prices. The plants are leased to third parties with lease terms longer than ten years.

7.7.6.5 Contingent considerations in acquisitions

The consideration paid for Veherex by a.s.r. non-life includes a contingent consideration with a remaining fair value of € 1,4 million to be paid over a remaining period of one year.

7.7.7 Events after the balance sheet date

On 1 February 2024, a.s.r. reached an agreement to sell Knab to the BAWAG Group AG for € 510 million (net asset value per 31 December 2023: € 750 million). Knab is an online bank for the self-employed and represents a.s.r.'s banking sector. Closing of the transaction is expected in the second half of 2024 and is subject to approval from the relevant regulatory authorities and advice from the a.s.r. works council. An agreement was also reached to transfer the management of the servicing of mortgages on Knab's balance sheet from a.s.r. to the BAWAG Group AG in due time after closing for € 80 million payable to a.s.r.

In March 2024, a.s.r. issued a benchmark Euro denominated perpetual subordinated Restricted Tier 1 capital securities for an amount of € 500 million with a fixed rate coupon of 6.625% per annum. These securities will classify as other equity instruments. The purpose of the issuance of the new securities is, amongst other things, to proactively manage a.s.r.'s expected redemption profile. The offer also provides for a tender whereby noteholders of a.s.r.'s € 500 million fixed to fixed rate undated subordinated notes (ISIN: XS1115800655) can sell their current holdings in the notes and apply for priority in the allocation of the new securities. The aggregated nominal amount of the notes validly accepted for purchase, in accordance with the terms and subject to conditions set out in the tender offer memorandum, is € 380 million.

On 20 March 2024, Aegon hypotheken closed a transaction under the Dutch SAECURE programme to sell Class A mortgage backed securities (RMBS). 'SAECURE 22' consisted of a principal amount of € 600 million of class A notes.

7.7.8 List of principal group companies

List of principal group companies

Company	Equity interest	Rate of control	Seat	Segment
ASR Aanvullende Ziektekostenverzekeringen N.V.[1]	100.00	100.00	Utrecht	Non-life
ASR Basis Ziektekostenverzekeringen N.V.[1]	100.00	100.00	Utrecht	Non-life
ASR Schadeverzekering N.V.[1]	100.00	100.00	Utrecht	Non-life
ASR Wlz-uitvoerder B.V.	100.00	100.00	Utrecht	Non-life
ASR Ziektekostenverzekeringen N.V.[2]	100.00	100.00	Utrecht	Non-life
ASR Infrastructure Renewables B.V.	100.00	100.00	Utrecht	Life
ASR Levensverzekering N.V.[1]	100.00	100.00	Utrecht	Life
ASR Utrecht Real Estate Investments Netherlands B.V.	100.00	100.00	Amsterdam	Life
ASR Premiepensioeninstelling N.V.[3]	100.00	100.00	Amsterdam	Life
Aegon Cappital B.V.[3]	100.00	100.00	Den Haag	Life
Aegon Levensverzekering N.V.[1]	100.00	100.00	Den Haag	Life
Aegon Spaarkas N.V.[3]	100.00	100.00	Den Haag	Life
Aegon DL B.V.[2]	100.00	100.00	Den Haag	Life
Amvest Home Free B.V.[2]	100.00	100.00	Zeist	Life
Vastgoedmaatschappij Inpa B.V.[2]	100.00	100.00	Den Haag	Life
Orcinus 2023 B.V.	100.00	100.00	Utrecht	Life
Delphinus 2023-I B.V.	100.00	100.00	Utrecht	Life
Aegon Bank N.V.[3]	100.00	100.00	Amsterdam	Bank
Orange Loans B.V.[2]	100.00	100.00	Amsterdam	Bank
ASR Financieringen B.V.[2]	100.00	100.00	Utrecht	Asset Management
ASR Hypotheken B.V.[2]	100.00	100.00	Utrecht	Asset Management
ASR Real Estate B.V.[2,3]	100.00	100.00	Utrecht	Asset Management
ASR Vermogensbeheer N.V.[2,3]	100.00	100.00	Utrecht	Asset Management
Aegon Hypotheken B.V.	100.00	100.00	Den Haag	Asset Management
dRA Exploitatie B.V.[3]	100.00	100.00	Lochem	Distribution & Services
Anac, All-Finance Nederland Advies-Combinatie B.V.[3]	100.00	100.00	Eindhoven	Distribution & Services
ASR Vitaliteit & Preventieve Diensten B.V.	100.00	100.00	Utrecht	Distribution & Services
Assurantiekantoor Lodewijk B.V.[3]	100.00	100.00	Wezep	Distribution & Services
Bedrijfsartsengroep Holding B.V.	100.00	100.00	Heerenveen	Distribution & Services
Boval Assurantiën B.V.[3]	100.00	100.00	Velserbroek	Distribution & Services
Corins B.V.[3]	100.00	100.00	Amsterdam	Distribution & Services
Dutch ID B.V.	100.00	100.00	Velserbroek	Distribution & Services
Felison Assuradeuren B.V.[3]	100.00	100.00	Velserbroek	Distribution & Services
Van Helvoort Assuradeuren B.V.[3]	100.00	100.00	Gemert	Distribution & Services
Van Helvoort Registermakelaars in Assurantiën B.V.[3]	100.00	100.00	Gemert	Distribution & Services

1 Registered insurance companies
2 These are companies for which a statement of joint and several liability under section 403, Book 2 of the Dutch Civil Code has been issued.
3 Other Wft registered companies

Company	Equity interest	Rate of control	Seat	Segment
PoliService B.V.[1]	100.00	100.00	Hardinxveld-Giessendam	Distribution & Services
Supergarant Verzekeringen B.V.[1]	100.00	100.00	Leidschendam	Distribution & Services
Van Kampen Geld B.V.[1]	100.00	100.00	Hoorn	Distribution & Services
Van Kampen Groep Holding B.V.[1]	100.00	100.00	Hoorn	Distribution & Services
ZZP Nederland Verzekeringen B.V.[1]	100.00	100.00	Groningen	Distribution & Services
D&S Holding B.V.[2]	100.00	100.00	Velserbroek	Distribution & Services
D&S Participaties B.V.[2]	100.00	100.00	Velserbroek	Distribution & Services
Aegon Advies B.V.[1]	100.00	100.00	Den Haag	Distribution & Services
Aegon Bemiddeling B.V.[1]	100.00	100.00	Den Haag	Distribution & Services
Obra Services B.V.[2]	100.00	100.00	Zaandam	Distribution & Services
Robidus Risk Consulting B.V.[2]	100.00	100.00	Zaanstad	Distribution & Services
Robidus Services B.V.[2]	100.00	100.00	Zaanstad	Distribution & Services
Robidus Solutions B.V.[2]	100.00	100.00	Zaanstad	Distribution & Services
Nedasco B.V.[1]	100.00	100.00	Amersfoort	Distribution & Services
De Regt Adviesgroep B.V.[1]	100.00	100.00	Den Haag	Distribution & Services
TKP Pensioen B.V.	100.00	100.00	Groningen	Distribution & Services
Administratie- en Adviesbureau voor Belegging en Krediet (A.B.K.) B.V.[2]	100.00	100.00	Amersfoort	Holding & Other
ASAM N.V.[2]	100.00	100.00	Utrecht	Holding & Other
ASR Betalingscentrum B.V.[2]	100.00	100.00	Utrecht	Holding & Other
ASR Deelnemingen N.V.[2]	100.00	100.00	Utrecht	Holding & Other
ASR Nederland N.V.	100.00	100.00	Utrecht	Holding & Other
ASR Service Maatschappij N.V.[2]	100.00	100.00	Rotterdam	Holding & Other
ASR Vastgoed Projecten B.V.	100.00	100.00	Utrecht	Holding & Other
ASR Vooruit B.V.[1]	100.00	100.00	Utrecht	Holding & Other
Aegon Administratie B.V.[2]	100.00	100.00	Den Haag	Holding & Other
Aegon Global Investment Fund B.V.[2]	100.00	100.00	Den Haag	Holding & Other
Aegon Innovation Investments B.V.[2]	100.00	100.00	Den Haag	Holding & Other
Aegon Loans B.V.	100.00	100.00	Den Haag	Holding & Other
Aegon Administratieve Dienstverlening B.V.	100.00	100.00	Den Haag	Holding & Other
Servicemaatschappij "De Hoofdpoort" N.V.[2]	100.00	100.00	Utrecht	Holding & Other

The principal group companies are located in the Netherlands.

For notes to equity interests in associates and joint ventures, see chapter 7.5.4. The list of equity interests which are required under Sections 379 and 414, Book 2 of the Dutch Civil Code has been filed with the Trade Register of the Chamber of Commerce in Utrecht.

7.7.9 Profit appropriation

The EB will propose to the AGM to distribute a final dividend of € 382 million in dividend on ordinary shares over 2023. Including the interim dividend of € 228 million the total dividends to shareholder amounted to € 610 million. The remaining result will be transferred to retained earnings in accordance with Article 37 of the Articles of Association of a.s.r.

1 Other Wft registered companies
2 These are companies for which a statement of joint and several liability under section 403, Book 2 of the Dutch Civil Code has been issued.

7.8 Risk management

Risk management (RM) is an integral part of a.s.r.'s day-to-day business operations. a.s.r. applies an integrated approach to managing risks, ensuring that strategic targets are met. Value is created by striking the right balance between risk, return and capital whilst ensuring that obligations to stakeholders are met.

7.8.1 Risk management system

It is of great importance to a.s.r. that risks within all business segments are timely and adequately controlled. In order to do so, a.s.r. implemented a RM framework based on internationally recognised and accepted standards (such as COSO ERM and ISO 31000 RM principles and guidelines). Using this framework, material risks that a.s.r. is, or can be, exposed to, are identified, measured, managed, monitored, reported and evaluated. The RM framework is both applicable to a.s.r. group and the underlying (legal) business entities.

7.8.1.1 Risk Management Framework

The figure below is the RM framework as applied by a.s.r.

Risk Management framework

The RM framework consists of risk strategy (including risk appetite), risk governance, systems and data, risk policies and procedures, risk culture, and RM process. The RM framework contributes to achieving the strategic, tactical and operational objectives as set out by a.s.r. The overall effectiveness of the RM framework is evaluated as part of the regular internal review of the system of governance.

Risk strategy (incl. risk appetite)

Risk strategy is defined to contain at least the following elements:
- Strategic, tactical and operational objectives that are pursued;
- The risk appetite in pursuit of those strategic, tactical and operational objectives.

a.s.r.'s risk strategy aims to ensure that decisions are made within the boundaries of the risk appetite, as stipulated annually by the EB and the SB (see chapter Risk strategy and risk appetite).

Risk governance

Risk governance can be seen as the way in which risks are managed, through a sound risk governance structure and clear tasks and responsibilities, including risk ownership. a.s.r. employs a risk governance framework that entails the tasks and responsibilities of the RM organisation and the structure of the Risk committees (see chapter Risk governance).

Systems and data

Systems and data support the RM process and provide management information to the risk committees and other relevant bodies. a.s.r. finds it very important to have qualitatively adequate data, models and systems in place, in order to be able to report and steer correct figures and to apply risk-mitigating measures timely. To ensure this, a.s.r. has designed a policy for data quality and model validation in line with Solvency II. Tools, models and systems are implemented to support the RM process by giving guidance to and insights into the key risk indicators, risk tolerance levels, boundaries and actions, and remediation plans to mitigate risks (see chapter Systems and data).

Risk policies and procedures:

Risk policies and procedures contain at least:
- Define the risk categories and the methods to measure the risks;
- Outline how each relevant category, risk area and any potential aggregation of risk is managed;
- Describe the connection with the overall solvency needs assessment as identified in the ORSA, the regulatory capital requirements and the risk tolerances;
- Provide specific risk tolerances and limits within all relevant risk categories in line with the risk appetite statements;

- Describe the frequency and content of regular stress tests and the circumstances that would warrant ad-hoc stress tests.

The classification of risks within a.s.r. is performed in line with, but is not limited to, the Solvency II risks. Each risk category consists of one or more policies or procedures that explicates how risks are identified, measured and controlled within a.s.r. (see chapter Risk policies and procedures).

Risk culture
An effective risk culture is one that enables and rewards individuals and groups for taking risks in an informed manner. It is a term describing the values, beliefs, knowledge, attitudes and understanding about risk. All the elements of the RM framework combined make an effective risk culture.

Within a.s.r. risk culture is an important element that emphasises the human side of RM. The EB has a distinguished role in expressing the appropriate norms and values (tone at the top). a.s.r. employs several measures to increase the risk awareness and, in doing so, the risk culture (see chapter Risk culture).

Risk management process
The RM process contains all activities within the RM processes to structurally 1) identify risks; 2) measure risks; 3) manage risks; 4) monitor and report on risks; and 5) evaluate the risk profile and RM framework. At a.s.r., the RM process is used to implement the risk strategy in the steps mentioned. These five steps are applicable to the risks within the company to be managed effectively (see chapter Risk Management process).

7.8.1.1.1 Risk management strategy and risk appetite

a.s.r.'s risk strategy aims to ensure that decisions are made within the boundaries of the risk appetite, as stipulated annually by the EB and the SB.

Risk appetite is defined as the level and type of risk a.s.r. is willing to bear in order to meet its strategic, tactical and operational objectives. The risk appetite is formulated to give direction to the management of the (strategic) risks. The risk appetite contains a number of qualitative and quantitative risk appetite statements and is defined for both financial (FR) and non-financial risks (NFR). The statements highlight the risk preferences and limits of the organisation and are viewed as key elements for the realisation of the strategy. The statements and limits are defined at both group level and at legal entity level and are determined by the a.s.r. risk committee and approved by the SB.

The statements are evaluated yearly to maintain alignment with the strategy. The NFR statements have been strengthened in 2023, but not materially changed. FR statements have not been changed at a.s.r. group level. An additional update took place in 2023 due to the merger with Aegon.

Risk appetite statement ASR Nederland N.V. 2023

1	ASR Nederland N.V. places long-term value creation at the forefront of its (strategic) operations and ensures that all stakeholders' interests (customer, society, employee, investors) are met in a balanced and sustainable way.	NFR
2	ASR Nederland N.V. acts in accordance with the a.s.r. sustainability objectives and sufficiently manages its sustainability risks.	NFR
3	ASR Nederland N.V. focuses on customer and has effective and controlled (business) processes, whereby the customer data quality is in order.	NFR
4	ASR Nederland N.V. has reliable financial reports, whereby IFRS and Solvency II data quality is in order.	NFR
5	ASR Nederland N.V. manages its internal and external outsourcing in a controlled and effective manner.	NFR
6	ASR Nederland N.V. processes information safely (in accordance with availability, confidentiality and integrity requirements) and is cyber threat resilient.	NFR
7	ASR Nederland N.V. has controlled projects (in terms of timeliness, budget and/ or quality).	NFR
8a	ASR Nederland N.V. meets the legitimate expectations and interests of its stakeholders and puts customer interests first in its proposition. a.s.r. therefore offers products and services that are cost-efficient, useful, safe and understandable for customers, distribution partners, society and a.s.r. By acting with integrity, a.s.r.'s reputation is protected and strengthened.	NFR
8b	ASR Nederland N.V. only wants to do business with relationships who are honest and reliable. a.s.r. therefore does not enter into or continue a business relationship with parties involved in crimes, socially undesirable acts and/or unethical behavior, including money laundering and terrorist financing. a.s.r. takes appropriate measures to guarantee its sound and controlled business operations and thus protect and strengthen its reputation.	NFR

8c	ASR Nederland N.V. handles personal data with care, including those of its customers. a.s.r. processes personal data lawfully, fairly and transparently, taking into account the principles of purpose limitation, data minimization, accuracy and storage limitation and taking measures to ensure the integrity and confidentiality of personal data. By taking appropriate measures, a.s.r. maintains a sound and ethical operational management and thus protects and strengthens its reputation.	NFR
9	ASR Nederland N.V. has a minimum SCR ratio of 120%.	FR
10	ASR Nederland N.V. remains within the bandwidth of periodically reassessed market risk budgets.	FR
11	ASR Nederland N.V. has at least a single A rating and therefore holds an AA rating in accordance with the S&P Capital Model.	FR
12	ASR Nederland N.V. assesses the amount of dividend payments against the current and expected future solvency ratio and economic outlook. Dividend payments are in line with the conditions laid down in the capital and dividend policy of ASR Nederland N.V.	FR
13	ASR Nederland N.V. has a maximum financial leverage ratio of 40%. Financial leverage ratio = Debt / (Debt + Equity).	FR
14	ASR Nederland N.V. has a maximum double leverage ratio of 135%.Double leverage ratio = Total value of associates / (equity attributable to shareholders + hybrids and subordinated liabilities).	FR
15	ASR Nederland N.V. has a minimum interest coverage ratio of between 4 and 8. Interest coverage ratio = EBIT operational / interest expense.	FR
16	a. ASR Nederland N.V. (excluding Aegon entities) is capable of releasing liquidities worth up to € 1 billion over a 1-month period following stress. b. ASR Nederland N.V. (excluding Aegon entities) remains capable of meeting its collateral requirements in the event of an (instant) increase of 3% interest rate.	FR
17	ASR Nederland N.V. generates a robust and high-quality operational ROE, i.e. pursues an overall ROE > 12% and seeks an ROE > 10% for individual investment decisions, where in exceptional cases an ROE > 8% is accepted.	FR
18	ASR Nederland N.V. (excl. ASR Ziektekosten) has a maximum combined ratio of 99%.	FR
19	ASR Nederland N.V. has a total SCR market risk which will be a maximum of 50% of the total risk.	
20	ASR Nederland N.V. maintains a moderate risk appetite for losses resulting from modelling incidents, including events such as flawed and/or inadequately documented methods, model design and development, assumptions and expert judgment; poor data quality; coding errors; inappropriate use of models; or misinterpretation of model results[1].	NFR

Risk strategy aims to ensure that management decisions lead to a risk profile that remains within the risk limits. The risk strategy entails all processes to identifying, measuring and managing risks and opportunities. Through a combined top-down and bottom-up Strategic Risk Analysis (SRA) approach, the most important strategic risks are identified. The main strategic risks are translated into 'risk priorities' and 'emerging risks' at group level and are monitored throughout the year. Important changes in risk priorities and emerging risks are reported to the a.s.r. risk committee and the Audit & Risk Committee. Output from the SRA, combined with the risk appetite statements, provides insight into the strategic risk profile of a.s.r. and underlying legal entities. The entire risk profile is monitored in the relevant risk committees.

7.8.1.1.2 Risk governance

a.s.r.'s risk governance can be described by:

- risk ownership;
- the implemented three lines of defence model and associated (clear delimitation of) tasks and responsibilities of key function holders; and
- the risk committee structure to ensure adequate decision making.

Risk ownership

The EB has the final responsibility for risk exposures and management within the organisation. Part of the responsibilities have been delegated to persons that manage the divisions where the actual risk-taking takes place. Risk owners are accountable for one or more risk exposures that are inextricably linked to the department or product line they are responsible for. Through the risk committee structure, risk owners provide accountability for the risk exposures.

Three lines of defence

The risk governance structure is based on the 'three lines of defence' model. The 'three lines of defence' model consists of three defence lines with different responsibilities with respect to the ownership of controlling risks. The model below provides insight in the organisation of the three lines of defence within a.s.r.

Three lines of defence

First line of defence	Second line of defence	Third line of defence
• Executive Board / Management Board • Management teams of the business lines and their employees • Finance & risk decentral	• Group Risk Management department - Risk management function - Actuarial function • Compliance - Compliance function	• Audit department - Internal audit function
Ownership and implementation	**Policies and monitoring implementation by 1st line**	**Independent assessment of 1st and 2nd lines**
• Responsible for the identification and the risks in the daily business • Has the day-to-day responsibility for operations (sales, pricing, underwriting, claims handling, etc.) and is responsible for implementing risk frameworks and policies.	• Challenges the 1st line and supports the 1st line to achieve their business objectives in accordance with the risk appetite • Has sufficient countervailing power to prevent risk concentrations and other forms of excessive risk taking • Responsible for developing risk policies and monitoring the compliance with these policies	• Responsible for providing dedicated assurance services and oversees and assesses the functioning and the effectiveness of the first two lines of defence

Positioning of key functions

Within the risk governance, the key functions (compliance, risk, actuarial and audit) are organised in accordance with Solvency II regulation. They play an important role as countervailing power of management in the decision-making process. The four key functions are independently positioned within a.s.r. In all the risk committees one or more key functions participate. The second line report to the CRO, which is a member of the management board. All functions have direct communication lines with the EB and can escalate to the chairman of the Audit & Risk Committee of the SB. Furthermore, the key functions have regular meetings with the supervisors of the Dutch Central Bank (DNB) and / or The Dutch Authority for the Financial Markets (AFM).

Group Risk Management
GRM is responsible for the execution of the RM function (RMF) and the Actuarial Function (AF). The department is led by the RMF holder. At year-end GRM consists of the following four sub-departments:
- Enterprise Risk Management;
- Financial Risk Management;
- Model Validation & Model Risk;
- Methodology.

Enterprise Risk Management
Enterprise Risk Management (ERM) is responsible for second-line strategic and operational (including IT) RM and the enhancement of the risk awareness for a.s.r. and its subsidiaries. The responsibilities of ERM include the development of risk policies and procedures, the annual review and update of the risk strategy (risk appetite), the coordination of the SRA process leading to the risk priorities and emerging risks and ORSA scenarios and the monitoring of the non-financial risk profile. For the management of operational risks, a.s.r. has a solid Risk-Control framework in place that contributes to its long-term solidity. The quality of the framework is continuously enhanced by the analysis of operational incidents, periodic risk assessments and monitoring by the RMF. ERM actively promotes risk awareness at all levels to contribute to the vision of staying a socially relevant insurer.

Financial Risk Management
Financial Risk Management (FRM) is responsible for the second line financial RM and supports both the AF and RMF. An important task of FRM is to be the countervailing power to the EB and management in managing financial risks for a.s.r. and its subsidiaries. FRM assesses the accuracy and reliability of the market risk, counterparty risk, insurance risk and liquidity risk, risk margin and best estimate liability. As part of the AF, FRM reviews the technical provisions, monitors methodologies, assumptions and models used in these calculations, and assesses the adequacy and quality of data used in the calculations. Furthermore, the AF expresses an opinion on the underwriting policy and determines if risks related to the profitability of new products are sufficiently addressed in the product development process. The AF also expresses an opinion on the adequacy of reinsurance arrangements. Other responsibilities of financial RM are e.g. monitoring Solvency II compliancy (e.g. changes in Solvency II regulation), updating policies on valuation and risk, activities related to the DNB, assessment of the ORSA (financial parts), assessment of strategic initiatives.

Model Validation & Model Risk
Model Validation (MV) is responsible for performing validation activities or having them carried out in accordance with the drawn up annual model validation plan. MV is responsible for supervising compliance with the model validation policy, discussing and challenging the (draft) validation reports and advising the Model Committee. The MV is a separate sub-department within GRM. The MV is part of the RMF and operates independent of the AF.

Methodology
Methodology is responsible for establishing methodologies for PIM (Aegon and a.s.r. group) and Standard Formula (SF: Aegon entities).

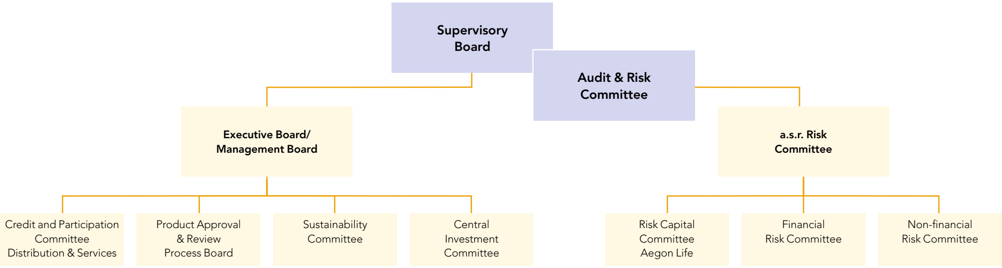
Compliance
Compliance is responsible for the execution of the compliance function. An important task of Compliance is to be the countervailing power to the EB and other management in managing compliance risks for a.s.r. and its subsidiaries. The mission of the compliance function is to enhance and ensure a controlled and sound business operation.

As second line of defence, Compliance encourages the organisation to comply with relevant rules and regulations, ethical standards and the internal standards derived from them ('rules') by providing advice and formulating policies. Compliance supports the first line in the identification of compliance risks and assesses the effectiveness of RM on which Compliance reports to the relevant risk committees. In doing so, Compliance uses a compliance risk and monitoring framework. In line with RM, Compliance also creates further awareness to comply with the rules and desired ethical behavior. Compliance coordinates interaction with regulators in order to maintain effective and transparent relationships with those authorities.

Audit
The Audit department, the third line of defence, provides an independent opinion on governance, risk and management processes, with the goal of supporting the EB and other management of a.s.r. in achieving the corporate objectives. To that end, Audit evaluates the effectiveness of governance, risk and management processes, and provides pragmatic advice that can be implemented to further optimise these processes. In addition, senior management can engage Audit for specific advisory projects.

Risk committee structure
a.s.r. has established a structure of risk committees with the objective to monitor the risk profile for a.s.r. group, its legal entities and its business lines in order to ensure that it remains within the risk appetite and the underlying risk tolerances and risk limits. When triggers are hit or likely to be hit, risk committees make decisions regarding measures to be taken, being risk-mitigating measures or measures regarding governance, such as the frequency of their meetings. For each of the risk committees a statute is drawn up in which the tasks, composition and responsibilities of the committee are defined.

Risk committee structure



Audit & Risk Committee

The Audit & Risk Committee was established by the Supervisory Board to gain support, among other things, in the following matters:

- Assessment of the risk appetite proposal and quarterly monitoring of the risk profile;
- Assessment of the annual report, including the financial statements of a.s.r.;
- The relationship with the independent external auditor, including the assessment of the quality and independence of the independent external auditor and the proposal by the SB to the AGM to appoint the independent external auditor;
- The performance of the audit function, compliance function, the AF and the RMF;
- Compliance with rules and regulations; and
- The financial position.

The Audit & Risk Committee has four members of the SB, one of whom acts as the chairman.

a.s.r. risk committee

The a.s.r. risk committee monitors a.s.r.'s overall risk profile on a quarterly basis. At least annually, the a.s.r. risk committee determines the risk appetite statements, limits and targets for a.s.r. This relates to the overall a.s.r. risk appetite and the subdivision of risk appetite by financial and non-financial risks. The risk appetite is then submitted to the a.s.r. Audit & Risk Committee, which advises the SB on the approval of the risk appetite. The a.s.r. risk committee also monitors the progress made in managing risks included in the risk priorities and emerging risks of the EB.

All members of the MB participate in the a.s.r. risk committee, which is chaired by the CEO. The involvement of the EB ensures that risk decisions are being addressed at the appropriate level within the organisation. In addition to the EB, the Key Functions (Risk management, Compliance, Internal audit, Actuarial function) are members of the Committee.

Non-Financial Risk Committee

The Non-Financial Risk Committee (NFRC) discusses, advises and decides upon non-financial risk policies. The most relevant non-financial risk policies are approved by the a.s.r. risk committee. The NFRC monitors that non-financial risks of a.s.r. and the OTSO's are managed adequately and monitors that the risk profile stays within the agreed risk limits. If the risk profile exceeds the limits, the NFRC takes mitigating actions. The NFRC reports to the a.s.r. risk committee. The NFRC is chaired by a member of the EB. The NFRC discusses the most important risks from the underlying non-financial risk committees (Business Risk Committee (BRC) and for Aegon the Risk & Audit Committee (RAC).

Financial Risk Committee

The Financial Risk Committee (FRC) discusses, advises and decides upon financial risk policies. The most relevant financial risk policies are approved by the a.s.r. risk committee. The FRC monitors that financial risks of a.s.r. and the OTSO's (excl. Aegon Life and Aegon Spaarkas) are managed adequately and monitors that the risk profile stays within the agreed risk limits. If the risk profile exceeds the limits, the NFR takes mitigating actions. The FRC reports to the a.s.r. risk committee. The Chairman of the FRC is the CFO.

Risk Capital Committee Aegon Life

The Risk Capital Committee (RCC) oversees Aegon Life's financial risks, capital and associated expected returns. The aim is to maintain a strong liquidity and capital position at Aegon Life NV, in support of the Aegon Life strategy. The RCC has the mandate to make decisions regarding the Partial Internal Model with an impact between € 20 million and € 200 million. The chairman of the RCC is the CFO.

Central Investment Committee

In addition to the risk committee structure, the Central Investment Committee (CIC) monitors tactical decisions and the execution of the investment policy. It takes investment decisions within the boundaries of the strategic asset allocation as agreed upon in the FRC. The CIC bears particular responsibility for investment decisions exceeding the mandate of the investment department. The CIC is chaired by the CFO.

Product Approval and Review Process Board

The Product Approval & Review Process Board (PARP Board) is responsible for the final decision-making process around the introduction of new products and adjustments in existing products. The committee evaluates if potential risks in newly developed products are sufficiently addressed. New products need to be developed in such a way that they are cost efficient, reliable, useful and secure for our clients. New products also need to have a strategic fit with a.s.r.'s mission to be a solid and trustful insurer. In addition, the risks of existing products are evaluated, as requested by the PARP as a result of product reviews. The PARP Board is chaired by the managing Director of Services.

7.8.1.1.3 Systems and data

GRC tooling is implemented to support the RM process by giving guidance and insight into the key risk indicators, risk tolerance levels, boundaries and actions and remediation plans to mitigate risks. The availability, adequacy and quality of data and IT systems is important in order to ensure that correct figures are reported and risk mitigating measures can be taken in time. It is important to establish under which conditions the management information that is submitted to the risk committees has been prepared and which quality safeguards were applied in the process of creating this information. This allows the risk committees to ascertain whether the information is sufficient to base further decisions upon.

a.s.r. has a Data Governance and Quality policy in place to support the availability of correct management information. This policy is evaluated on an annual basis and revised at least every three years to keep the standards in line with the latest developments on information management. With the adoption of the Aegon partial internal model a.s.r. explores the added value of implementing (part) of the Aegon Data

At a glance
Message from the CEO
Business and strategy
How a.s.r. operates
Business performance
Governance
Non-financial statements
Financial statements
Introduction
Consolidated financial statements
Accounting policies
Group structure and segment information
Notes to the consolidated balance sheet
Notes to the consolidated income statement
Other notes
Risk management
Capital management
Operating result
Company financial statements
Additional information
Appendix

governance and Quality policy into its own framework. The quality of the information is reviewed based on the following aspects, based on Solvency II:
- completeness (including documentation of accuracy of results)
- adequacy
- reliability
- timeliness

Adherence to this policy is ensured by the three lines of defence risk governance model. With a Central Data Office and a Data Quality Improvement Programme, additional measures are taken to increase maturity in data management practices.

The preparatory body or department checks the assumptions made and the plausibility of the results and ensures coordination with relevant parties. When a preparatory body has established that the information is reliable and complete, it approves and formally submits the document(s) to a risk committee.

The information involved tends to be sensitive. To prevent unauthorised persons from accessing it, it is disseminated using a secure channel or protected files. a.s.r.'s information security policy contains guidelines in this respect.

a.s.r.'s information security policy is based on relevant laws and market standards, like ISO 2700x, COBIT 2019, NIST Cybersecurity framework, SOC2 principles, PCI DSS, COSO, BS 25999, ISO 31000, ITIL. These standards describes best practices for the implementation of information security.

There are technical solutions for accomplishing this, by enforcing a layered approach (defence-in-depth) of technical measures to avoid unauthorised persons to compromise a.s.r. data and systems. In this perspective, one may think of methods of logical access management, intrusion detection techniques, in combination with firewalls are aimed at preventing hackers and other unauthorised persons from accessing information stored on a.s.r. systems. Nevertheless, confidential information can also have been committed to paper. On top of technical measures a.s.r. implemented physical measures and measures that help create the desired level of awareness of personnel as part of the information security environment. The resilience of these measures is actively tested.

When user defined models (e.g. spreadsheets) are used for supporting the RM framework, the 'a.s.r. Standard for End user computing'- in addition to the general information security policy - defines and describes best practices in order to guard the reliability and confidentiality of these tools and models. a.s.r. recognises the importance of sound data quality and information management systems.
The management of IT and data risks of the implemented tools, models and systems (including data) is part of the Operational IT RM.

7.8.1.1.4 Risk policies and procedures

a.s.r. has established guidelines, including policies that cover all main risk categories (market, counterparty default, liquidity, underwriting, strategic and operational). These policies address the accountabilities and responsibilities regarding management of the different risk types. Furthermore, the methodology for risk measurement is included in the policies. The content of the policies is aligned to create a consistent and complete set. The risk policy landscape is maintained by GRM and Compliance. These departments also monitor the proper implementation of the policies in the business. New risk policies or updates of existing risk policies are approved by the risk committees as mentioned previously. a.s.r. has drawn up an integrated policy calendar which includes all risk related documents. This guarantees that policies are drawn up and reassessed in a timely manner and that tasks and responsibilities are clear.

7.8.1.1.5 Risk culture

Risk awareness is a vital component of building a sound risk culture within a.s.r. that emphasises the human aspect in the management of risks. In addition to gaining sufficient knowledge, skills, capabilities and experience in RM, it is essential that an organisation enables objective and transparent risk reporting in order to manage them more effectively.

The EB clearly recognises the importance of RM and is therefore represented in all of the major group level risk committees. Risk Management is involved in the strategic decision-making process, where the company's risk appetite is always considered. The awareness of risks during decision-making is continually addressed when making business decisions, for example by discussing and reviewing risk scenarios and the positive and / or negative impact of risks before finalising decisions.

It is very important that this risk awareness trickles down to all parts of the organisation, and therefore management actively encourages personnel to be aware of risks during their tasks and projects, in order to avoid risks or mitigate them when required. The execution of risk analyses is embedded in daily business in, for example, projects, product design and outsourcing.

In doing so, a.s.r. aims to create a solid risk culture in which ethical values, desired behaviours and understanding of risk in the entity are fully embedded. Integrity is of the utmost importance at a.s.r.: this is translated into a code of conduct and strict application policies for new and existing personnel, such as taking an oath or solemn affirmation when entering the company, and the 'fit and proper' aspect of the Solvency II regulation, ensuring that a.s.r. is overseen and managed in a professional manner.

Furthermore, a.s.r. believes it is important that a culture is created in which risks can be discussed openly and where risks are not merely perceived to be negative and highlight that risks can also present a.s.r. with opportunities. Risk Management (both centralised and decentralised) and Compliance are positioned as such, that they can communicate and report on risks independently and transparently, which also contributes to creating a proper risk culture.

7.8.1.1.6 Risk management process

The RM process typically comprises of five important steps: 1) identifying; 2) measuring; 3) managing; 4) monitoring and reporting; and 5) evaluating[1]. a.s.r. has defined a procedure for performing risk analyses and standards for specific assessments. The five different steps are explained in this chapter.

1 Based on COSO ERM en ISO 31000.

Identifying
Management should endeavour to identify all possible risks that may impact the strategic, tactical and operational objectives of a.s.r., ranging from the larger and / or more significant risks posed on the overall business, down to the smaller risks associated with individual projects or smaller business lines. Risk identification comprises of the process of identifying and describing risk sources, events, and the causes and effects of those events.

Measuring
After risks have been identified, quantitative or qualitative assessments of these risks take place to estimate the likelihood and impact associated with them. Methods applicable to the assessment of risks are:
- Sensitivity analysis
- Stress testing
- Scenario analysis
- Expert judgments (regarding likelihood and impact)
- Portfolio analysis

Managing
Typically, there are four strategies to managing risk:
- *Accept*: risk acceptance means accepting that a risk might have consequences, without taking any further mitigating measures.
- *Avoid*: risk avoidance is the elimination of activities that cause the risk.
- *Transfer*: risk transference is transferring the impact of the risk to a third party.
- *Mitigate*: risk mitigation involves the mitigation of the risk likelihood and / or impact.

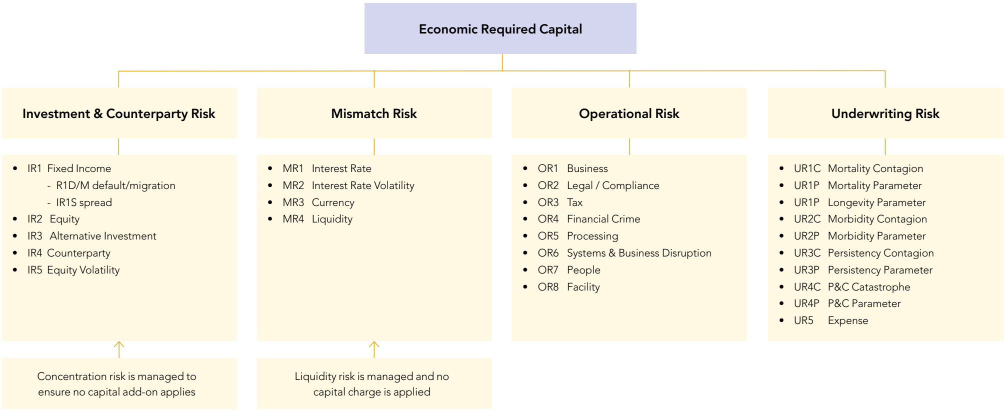
RM strategies are chosen in a way that ensures that a.s.r. remains within the risk appetite tolerance levels and limits.

Monitoring and reporting
The risk identification process is not a continuous exercise. Therefore, risk monitoring and reporting are required to capture changes in environments and conditions. This also means that RM strategies could, or perhaps should, be adapted in accordance with risk appetite tolerance levels and limits.

Evaluating
The evaluation step is twofold. On the one hand, evaluation means risk exposures are evaluated against risk appetite tolerance levels and limits, taking (the effectiveness of) existing mitigation measures into account. The outcome of the evaluation could lead to a decision regarding further mitigating measures or changes in RM strategies. On the other hand, the RM framework (including the risk management processes) is evaluated by the RM function, in order to continuously improve the effectiveness of the RM framework as a whole.

7.8.1.2 a.s.r.'s risk categories
a.s.r. is exposed to a variety of risks. Aegon life and Aegon spaarkas use a Partial Internal Model (PIM). The risk universe of Aegon life and Aegon spaarkas is therefore different and captures all material risks that the company is exposed to. The emerging risk process ensures that the risk universe will remain up to date. An overview of Aegon life and Aegon spaarkas risk universe is provided below.

Risk universe



For the other insurance entities there are six main risk categories that a.s.r. recognises, as described below. In addition, a.s.r. recognises sustainability risks arising from environmental, social or governance (ESG) events or conditions. These risks can be financial and non-financial and can be both strategic and operational. This means that all six main risk categories that a.s.r. recognises can be affected by sustainability risks. In chapter 2.5.3 Environmental, social and governance of the annual report, a.s.r. briefly describes how a.s.r. identifies, measures and manages climate risks and opportunities for its business.

Insurance risk
Insurance risk is the risk that premium and / or investment income or outstanding reserves will not be sufficient to cover current or future payment obligations, due to the application of inaccurate technical or other assumptions and principles when developing and pricing products. a.s.r. recognises the following insurance risks:
- Life insurance risk
- Health insurance risk
- Non-life insurance risk

Market risk
The risk of changes in values caused by market prices or volatility of market prices differing from their expected values. The following types of market risk are distinguished:
- Interest rate risk
- Equity risk
- Property risk
- Spread risk
- Currency risk
- Concentration risk / market concentration risk

Counterparty default risk

Counterparty default risk is the risk of losses due to the unexpected failure to pay or credit rating downgrade of counterparties and debtors. Counterparty default risk exists in respect of the following counterparties:

- Reinsurers
- Consumers
- Intermediaries
- Counterparties that offer cash facilities
- Counterparties with which derivatives contracts have been concluded
- Healthcare providers
- Zorginstituut Nederland

Liquidity risk

Liquidity risk is the risk that a.s.r. is not able to meet its financial obligations to policyholders and other creditors when they become due and payable, at a reasonable cost and in a timely manner.

Operational risk

Operational risk is the risk of losses caused by weak or failing internal procedures, weaknesses in the action taken by personnel, weaknesses in systems or because of external events. The following subcategories of operational risk are used:

- Sustainability
- Business process
- Financial reporting
- Outsourcing
- Information technology
- Project risks

Strategic risk

Strategic risk is the risk of a.s.r. or its business lines failing to achieve the objectives due to incorrect decision-making, incorrect implementation and / or an inadequate response to changes in the environment. Such changes may arise in the following areas:

- Macro-economic
- Geopolitical instability
- Climate change and energy transition
- Cyber and information security
- Regulation
- Biodiversity
- Social tensions
- Pandemics

Strategic risk may arise due to a mismatch between two or more of the following components: the objectives (resulting from the strategy), the resources used to achieve the objectives, the quality of implementation, the economic climate and / or the market in which a.s.r. and / or its business lines operate.

7.8.1.3 Climate change

In addition to the six main categories, a.s.r. recognises sustainability risks arising from environmental, social or governance (ESG) events or conditions. These risks can be financial and non-financial and can be both strategic and operational. This means that all six main risk categories that a.s.r. recognises can be affected by sustainability risks.

Climate-related risks are divided into physical, transition and reputational risks. Physical risks arise from more frequent and severe climate events. Physical risks can be acute, such as extreme weather events, or chronic when they arise from gradual changes such as water shortages or rising temperatures. Transition risks result from the process of adjustment towards a climate-neutral society. The failure to appropriately address these adjustments can result in reputational risk.

Technical provisions

The net impact of climate change on the current Solvency II Technical Provisions or SCR estimation is considered to be limited. A qualitative assessment has been performed in 2022 by the Actuarial Function and discussed with the business lines. For the Life and Pension business the impact of climate change on life expectancy is considered to be limited. Increased inflation caused by social or geopolitical factors is adequately valued in the liabilities. The Non-life business is characterised by a short contract boundary, most premiums can therefore yearly be adjusted to the gradually impact of climate change.

The Group Business Actuary performed a portfolio assessment of the impact of sustainability factors (ESG). Bases on the portfolio characteristics and product features the potential adverse effect on the value of liabilities has been assessed. In addition an assessment of the impact of sustainability factors to the prudential risks has been finalised in 2023. These analysis confirms the limited net impact.

The Actuarial Function has continuously attention for developments of ESG risks and the potential impact on the technical liabilities, the reinsurance contracts and pricing- and underwriting policies. In 2023 the double materiality assessment was conducted, including the financial materiality assessment (see chapter 6.1.1.1). The Aegon portfolios were also included in the update of the assessment at the end of 2023. The double materiality assessment did not result in different conclusions regarding the scope of the Actuarial Function.

Based on the assessments a.s.r. does not consider ESG to have impact on the method or results of current Solvency II Technical Provisions or SCR estimation. The ESG risks are expected to be within the limits of the Solvency II Capital Requirement. This conclusion is applicable to both the a.s.r and Aegon portfolios.

Reference is made to chapter 6.2.1.3 for more information how a.s.r. identifies, measures and manages climate risks and opportunities for its business.

Risk assessments

Transition risks apply in particular to investments and financing. The scenario analysis for transition risks is performed by considering the proposal from the Strategic Asset Allocation (SAA) 2023 under three climate scenarios. The dynamically managed market risk budgets are resilient to the climate impact with regard to the development of the SII ratio over the coming 20 years.

The ORSA assesses the overall solvency needs of a.s.r. in the context of the strategic plans making allowance for the current and expected solvency positions, the risk appetite and solvency targets. Physical risks are mainly associated with the Non-life portfolio and adequately priced in the products. Physical risks (a major storm and major flood) are assessed in the ORSA combined business scenario's for the Non-life portfolio. Within life and health insurance, the impact is mainly in the longer term and not quantified in the standard ORSA horizon of 5 years. Therefore, a.s.r. introduced in the ORSA 2023 a climate scenario with the horizon of 10 years. Starting point for this climate scenario is the failed transition, which is the most negative scenario from the SAA study. In addition a.s.r. Real estate, Non-Life, Health and Disability are exposed to physical climate risk.

As part of the CSRD project a.s.r. performed the double materiality assessment in 2023. This assessment led to identification of material sustainability topics that will be included in future sustainability reporting.

Overall, climate risks as a result of climate change and the energy transition are incorporated into a.s.r.'s risk appetite and part of the regular risk management processes such as the annual group-wide SRA process. The risk appetite has been strengthened in 2023 by adding sufficiently management of the sustainability risks. Material climate risks identified in the SRA process, including storms and floods, are incorporated into the scenario analysis of the Own Risk and Solvency Assessment (ORSA) and quantified by the business actuary teams.

7.8.2 Insurance risk

Insurance risk is the risk that future insurance claims and benefits cannot be covered by premium and / or investment income, or that insurance liabilities are not sufficient, because future expenses, claims and benefits differ from the assumptions used in determining the best estimate liability. Insurance risk manifests itself in both the Non-life and the Life portfolio. The Non-life portfolio covers the property and casualty, disability and healthcare sectors. The Life portfolio consists of funeral, individual life and pensions business.

Risk-mitigating measures are used to reduce and contain the volatility of results or to decrease the possible negative impact on value as an alternative for the capital requirement. Proper pricing, underwriting, reinsurance, claims management, and diversification are the main risk mitigating actions for insurance risks. By offering a range of different insurance products, with various product benefits and contract lengths, and across Life, Disability and Health and P&C insurance risk, a.s.r. reduces the likelihood that a single risk event will have a material impact on a.s.r.'s financial condition.

The solvency buffer is held by a.s.r. to cover the risk that claims may exceed the available insurance provisions and to ensure its solidity. The solvency position of a.s.r. is determined and continuously monitored in order to assess if a.s.r. meets the regulatory requirements.

Aegon Levensverzekering (Aegon life) and Aegon Spaarkas (Aegon spaarkas) use a Partial Internal Model (PIM) to calculate the solvency position. The PIM contains Internal Models for (i) mortality risk and (ii) longevity risk. For the other risks, the Solvency II standard formula is applied.

ASR Levensverzekeringen (a.s.r. life), ASR Schadeverzekeringen (a.s.r. non-life) and ASR Ziektekostenverzekeringen (a.s.r. health) use the Solvency II standard formula (SF) to calculate the solvency position.
The Solvency Capital Requirement (SCR) for each insurance risk is determined as the change in own funds caused by a predetermined shock which is calibrated to a 1-in-200-year event. The basis for these calculations are the Solvency II technical provisions which are calculated as the sum of a best estimate and a risk margin.
The insurance risk arising from the insurance portfolios of a.s.r. is as follows:

Insurance risk - required capital

	31 December 2023		31 December 2022	
(in € million)	SF	IM	SF	IM
Life insurance risk	1,807	1,013	1,313	-
Health insurance risk	1,508	-	1,243	-
Non-life insurance risk	706	-	609	0
Total excluding diversification between insurance risks	**4,021**	**1,013**	**3,166**	**0**

The Life insurance risk increased meanly as a result of the integration of Aegon life. Next to that the change of the SCR was the result of decreased interest rates and model changes, which largely counteracted each other.

The Health and Non life insurance risk increased as a result of update of the integration of Aegon and the growth of the insured population.

Solvency II sensitivities

a.s.r. has assessed the impact of various sensitivities on the solvency ratio. The sensitivities as at 31 December 2023 and 2022, expressed as impact on the group solvency ratio (in percentage points) are as follows:

Solvency II sensitivities - insurance risks

Effect on:	Available capital		Required capital		Ratio	
Type of risk (%-points)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Expenses +10%	-6	-6	-1	-2	-7	-8
Mortality rates, all products -5%	-5	-3	-	-1	-5	-4
Lapse rates -10%	-	-	-	-1	-	-

Solvency II sensitivities - explanation

Risk	Scenario
Expense risk	Measured as the impact of a 10% increase in expense levels.
Mortality risk	Measured as the impact of a 5% decrease in all mortality rates.
Lapse risk	Measured as the risk of a 10% decrease in lapse rates.

The table above shows that the SCR sensitivities in 2023 are (almost) similar to the sensitivities of 2022. The impact on the ratio is the opposite if a reversed scenario is taken into account.

7.8.2.1 Life Insurance risk

The Life portfolio can be divided into Funeral, Individual life and Pensions. The insurance contracts are sold primarily to retail and wholesale clients through intermediaries.

The products are sold as insurance products in cash or unit-linked contracts. With respect to products in cash, the investment risk is fully borne by the insurer whereas, in the case of unit-linked products, the majority of the investment risk is for the policyholder's account.

The solvency capital requirement (SCR) for Life insurance risks is determined per policy for the Funeral and Life portfolio and per participant for the Pension portfolio. All shocks are applied to each policy/participant and a SCR value is only determined if applying the shock leads to a higher best estimate.

The following Life insurance risks are involved:

Mortality risk
Mortality risk is associated with (re)insurance obligations, such as endowment or term assurance policies, where a payment or payments are made in case of the policyholder's death during the contract term. The required capital for this risk under SF is calculated as the change in own funds of a permanent increase of mortality rates by 15% for all ages and each policy. For Aegon life and Aegon spaarkas an Internal Model is used to calculate the risk factor.

Longevity risk
Longevity risk is associated with (re)insurance obligations where payments are made until the death of the policyholder and where a decrease in mortality rates results in higher technical provisions. The required capital for this risk under SF is calculated as the change in own funds of a permanent decrease of mortality rates by 20%. For Aegon life and Aegon spaarkas an Internal Model is used to calculate the risk factor.

Disability-morbidity risk
Morbidity or disability risk is associated with all types of insurance compensating or reimbursing losses (e.g. loss of income, adverse changes in the best estimate of the liabilities) caused by changes in the morbidity or disability rates. Solvency II prescribes a 35% increase in disability rates for the first year, 25% for subsequent years, combined with a decrease in recovery rates of 20%. The disability-morbidity risk is calculated on policy level by increasing the experience percentage with 35% for the first year and 25% in the second. For the IBNR reserve the shock is simplified to an average of 30% for the 2-year IBNR cashflow. Because revalidation risk is very small, no shock is modelled for this risk.

Lapse risk
Lapse risk is the risk of losses (or adverse changes in the best estimate of the liabilities) due to an unanticipated (higher or lower) rate of policy lapses, i.e. changes to paid-up status (cessation of premium payment) and surrenders. In general, a lapse shock is only applied if a Solvency II lapse event is actually considered possible under the conditions of the insurance contract. For instance a paid-up policy that cannot be surrendered is not taken into account.

The effect of the lapse risk is equal to the highest result of a permanent increase in lapse rates of 50%, a permanent decrease in lapse rates of 50% or a mass lapse event (an instant lapse event of 40% of all policies). For the mass lapse event, the lapse risk is calculated as the maximum on policy level of a mass surrender or a mass paid-up event.

Expense risk
A calculation is made of the effect on own funds of a permanent increase in costs used for determining the best estimate. It consists of an increase in the costs of 10% and an increase in the cost inflation of 1 percentage point per year. For investment costs only an increase of 10% applies, since it has been substantiated that increases due to inflation including a shock can be absorbed by the Best Estimate itself and asset management for external parties.

Life catastrophe risk
Catastrophe risk arises from extreme events which are not captured in the other Life insurance risks, such as pandemics. The capital requirement for this risk is calculated as a 1.5 per mille increase in mortality rates in the first projected year for (re)insurance obligations where the increase in mortality rates leads to an increase in technical provisions.

Mortgage Loans
Within the Individual life portfolio there is a group of policies directly linked to a mortgage loan ('Spaarhypotheken'). In case the mortgage loan is not provided by a.s.r., but by another party, which is the case for most of these policies, the interest that a.s.r. reimburses to the policyholder is claimed from the party that has provided the mortgage loan. This cashflow of interests from the provider of the mortgage loan to a.s.r. represents an asset. The cashflow and value of this asset depends on the cashflow of the linked savings policy. Therefore, the change in this asset value due to mortality or lapse is taken into account when determining the SCR for Life insurance risks.

For Aegon life and Aegon spaarkas an Internal Model is used to calculate the risk factor.

Employee benefits
a.s.r. has a number of defined benefit plans for own staff in place. These are schemes, under which staff are awarded pension benefits upon retirement, usually dependent on one or more factors such as years of service and salary. The defined benefit obligation is calculated by independent actuaries at each reporting date. Due to the acquisition of Aegon NL the ended defined benefit plan for own staff of Aegon NL was added to the defined benefit obligation per 2023.

Pension obligations are calculated using the projected unit credit method. Inherent to this method is the application of actuarial assumptions to discount rates, mortality rates and consumer price indices.

The assumptions are reviewed and updated at each reporting date based on available (market) data. The discount rate (31 December 2023: 3.42%) is based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the cash flow pattern of the pension obligation. For SCR purposes, the IFRS value of the own pension contract is based on the IAS19 valuation methodology. The explanatory guidelines explain that the IAS19 valuation is consistent with Solvency II.

As of 1 January 2021 a defined contribution plan is in place. The accrued pensions (until 1 January 2021) will remain guaranteed at a.s.r. life and are not transferred to the defined contribution plan. The former employees of Aegon NL were added to the defined contribution plan as of 1 October 2023.

Other information

Within a.s.r. life the longevity risk is dominant and arises from group pension business and individual annuities. The longevity risk is partly offset by mortality risk that arises from the funeral portfolio and individual policies with mortality. The other main risks a.s.r. life is exposed to are expense risk and lapse risk.

For the Life portfolio, the provision at year-end (provided figures are without reductions resulting from reinsurance contracts) can be broken down as follows under Solvency II:

Life portfolio - technical provisions per segment

	31 December 2023	31 December 2022
Insurance with profit participation		
Best estimate	23,238	10,573
Risk margin	950	589
Technical provision	**24,188**	**11,162**
Other life insurance		
Best estimate	28,426	12,859
Risk margin	1,040	580
Technical provision	**29,466**	**13,439**
Index-linked and unit-linked insurance		
Best estimate	34,677	10,173
Risk margin	600	62
Technical provision	**35,277**	**10,235**
Total		
Best estimate	86,341	33,604
Risk margin	2,589	1,231
Technical provision	**88,930**	**34,836**

In 2023 the technical provision increased with € 54,094 million. This was mainly caused by the integration of Aegon.

7.8.2.1.1 Managing Life insurance risk

Life insurance risk is mitigated by pricing, underwriting policies and reinsurance.

Pricing is based on profit capacity calculations. A calculation is made of the price required to cover the insurance liabilities, expenses and risks.

Underwriting policies describe the types of risks and the extent of risk a.s.r. is willing to accept. Policyholders may be subjected to medical screening for both Individual life and Funeral insurance.

Reinsurance

Reinsurance and other risk-mitigating measures are used to reduce the volatility of results or to decrease the possible negative impact on value as an alternative to the capital requirement. Reinsurance arrangements have been set up to mitigate the effects of catastrophes on earnings.

At a glance
Message from the CEO
Business and strategy
How a.s.r. operates
Business performance
Governance
Non-financial statements
Financial statements
Introduction
Consolidated financial statements
Accounting policies
Group structure and segment information
Notes to the consolidated balance sheet
Notes to the consolidated income statement
Other notes
Risk management
Capital management
Operating result
Company financial statements
Additional information
Appendix

The level of retention in different reinsurance contracts is aligned with the size and the risk profile of the underlying portfolios. This includes taking account of the cost of reinsurance on the one hand, and the risk that is retained on the other.

In order to optimise its balance sheet risks, a.s.r. entered into a reinsurance agreement with Legal and General Re in 2015. The share of Legal and General Re is on behalf of a specific buy-out portfolio. The total share of the reinsurances for a.s.r. amounts to € 120 million per 31 December 2023.

7.8.2.2 Health insurance risk and Non-life insurance risk

7.8.2.2.1 Health insurance risk

The Health insurance portfolio of a.s.r. is diverse. The portfolio can be divided into two main product types:

- SLT Health portfolio (Similar to Life Techniques) Income Protection, which can be divided into:
  - Individual Disability (Zelfstandigen)
  - Group Disability (WIA)
  - Premium waiver in case of disability (PVI)
- NSLT Health portfolio (Not Similar to Life Techniques), which can be divided into:
  - Income Protection (Sickness, and Individual and Group Accident)
  - Medical Expenses (Basic and Supplementary)

The insurance contracts are sold primarily to retail and wholesale clients through intermediaries.

The Health insurance portfolio of a.s.r. contains the following insurance risks:

- SLT Health risk
  - This risk is applicable to the SLT Health portfolio. The calculation is scenario-based, according to the standard formula.
- NSLT Health risk
  - This risk is applicable to the NSLT Health portfolio. The calculation is factor-based. The risk is calculated similarly to the Non-life insurance risk.
- Health Catastrophe risk
  - This risk is applicable to the entire Health portfolio. The calculation is scenario-based.

SLT Health Risk

Mortality risk

Mortality risk is associated with (re)insurance obligations where payments are made upon the death of the policyholder and where an increase in mortality rates results in higher technical provisions. The required capital is calculated as the change in own funds of a permanent 15% increase in mortality rates. The increase in mortality rates is applied to portfolios where payments are contingent on mortality risk. The increase in mortality rates leads to an increase of the own funds. Therefore the mortality risk is zero for the Health portfolio.

Longevity risk

Longevity risk is associated with (re)insurance obligations where payments are made until the death of the policyholder and where a decrease in mortality rates results in higher technical provisions. The required capital is calculated as the change in own funds of a permanent 20% decrease in mortality rates. The decrease in mortality rates is applied to portfolios where payments are contingent on longevity risk.

Disability-morbidity risk

Morbidity or disability risk is the main risk to the SLT Health portfolio. The scenario analysis consists of a 35% increase in disability rates for the first year, 25% for subsequent years, combined with a decrease in revalidation rates of 20%.

Expense risk

A calculation is made of the effect of a permanent increase in costs, which is used for determining the best estimate. The scenario analysis contains an increase in the costs of 10% and an increase in the cost inflation of 1 percentage point per year.

Revision risk

The revision risk is the risk that a higher benefit is caused by either inflation or a revision of the disability percentage. Benefits that are sensitive to inflation and / or an increase in the disability percentage will be increased by 4%.

Lapse risk

Lapse risk is the risk of losses (or adverse changes in the best estimate of the liabilities) due to an unanticipated (higher or lower) rate of policy lapses, terminations, changes to paid-up status (cessation of premium payment) and surrenders. The effect of the lapse risk is equal to the highest result of a permanent 50% increase in lapse rates, a permanent 50% decrease in lapse rates or a mass lapse event (40% mass lapse). For the SLT Health portfolio, the mass lapse event is dominant.

Future management action

According to the insurance conditions, a.s.r. non-life has the ability to adjust the premiums and insurance conditions group wise in the future for the disability portfolio. Therefore, the contract boundary of the disability contracts without an individual risk assessment at acceptance is equal to the contract term. For contracts with an individual risk assessment at acceptance, the contract boundary is equal to the end age, because the contracts will be tacitly renewed until the end age is reached, without repeating the risk assessment. These contracts with an individual risk assessment involve the Individual Self-employed and the Individual Employees portfolio's. For these portfolio's, a.s.r. non-life applies a future management action (FMA), as noted in article 23 of the Delegated Acts. The trigger, as defined in the FMA, is hit in the Income Protection Disability-Morbidity Risk (article 156 DA) scenario.

With the inclusion of the Aegon portfolio in the non-life insurance entity, future management actions are applied to both the a.s.r. and Aegon portfolio according to previously used definitions for the specific portfolios.

For a number of Loyalis products within the group disability portfolio, it is determined annually whether the insured amounts are indexed. For the majority of the portfolio, there is a conditional indexation based on a (discretionary) management decision, based among other things on interest result. In a financially unfavourable year, there is the possibility of not paying out indexation, which is a FMA as noted in article 23 of the Delegated Acts.

NSLT Health Risk

NSLT Premium and reserve risk

The premium risk is the risk that the premium is not adequate for the underwritten risk. The premium risk is calculated over the maximum of the expected earned premium of the next year, and the earned premium of the current year. The reserve risk is the risk that the current reserves are insufficient to cover their run-off over a 12 month time horizon.

The NSLT Premium and reserve risk can be split into the following insurance risks:

- Medical Expense
  - A health catastrophe for the NSLT Health portfolio is an unexpected future event with a duration of one year. The risk is determined ultimo year. The amount of catastrophe risk is apparent from the number of insured and parameters for mass accident scenario and pandemic scenario that have been approved by DNB in consultation with Health Insurers Netherlands. Accident concentration is not applicable for NSLT Health. The catastrophe risk has a projection of one year (T) following from the contract boundary of one year in accordance with the Dutch Health Insurance Act. After year T the risk is 'zero'. Catastrophe risk for a.s.r. health supplementary equals zero because these contracts have a maximum compensation for claims.
- Income Protection
  - This component is calculated for policies for which an increase in mortality rates or morbidity rates or disability rates leads to an increase in the best estimate. There are three scenarios, which are calculated for all NSLT Health and portfolios.

NSLT lapse risk

The basic and additional health insurance are compulsory insurance contracts for one year without intermediate possibility of termination and therefore lapse risk is negligible for the basic health insurance.

Health catastrophe risk

Mass accident scenario

In this scenario, an accident takes place during a major public event. The risk is that 10% of the attendees are killed, 3.5% are permanently disabled, 16.5% are disabled for 12 months and 30% need medical attention.

Accident concentration scenario

In this scenario, an accident takes place on site, with the most of our insured at the same location. The risk is that 10% of those present are killed, 3.5% are permanently disabled, 16.5% are disabled for 12 months and 30% need medical attention.

Pandemic scenario

In this scenario, there is a pandemic, which causes 1% of those affected to be hospitalised and 20% to see a local practitioner.

Health insurance risk - required capital

	31 December 2023	31 December 2022
Health SLT	1,187	964
Health Non-SLT	472	404
Catastrophe Risk (subtotal)	88	83
Diversification (negative)	-239	-208
Health (Total)	**1,508**	**1,243**
Mortality risk	-	-
Longevity risk	66	52
Disability-morbidity risk	985	779
Expense risk	145	135
Revision risk	276	205
Lapse risk	295	270
Diversification (negative)	-581	-478
Health SLT (subtotal)	**1,187**	**964**
Medical expenses insurance and proportional reinsurance	162	155
Income protection insurance and proportional reinsurance	370	303
Diversification (negative)	-60	-55
Health Non-SLT (subtotal)	**472**	**404**
Mass accident risk	27	28
Accident concentration risk	75	66
Pandemic risk	37	41
Diversification (negative)	-51	-53
Catastrophe risk (subtotal)	**88**	**83**

The SCR for the Health Non-SLT risk differs from the sum of the amounts reported in the OTSO QRTs. This difference is caused due to a diversification benefit on group level.

For the SLT Health portfolio, the provision at year-end can be broken down as follows under Solvency II.

SLT Health portfolio - technical provisions per segment

	31 December 2023	31 December 2022
Best estimate	4,657	3,389
Risk margin	584	371
Technical provision	**5,241**	**3,760**

For the NSLT Health portfolio, the provision at year-end can be broken down as follows under Solvency II.

NSLT Health portfolio - technical provisions per segment

	31 December 2023	31 December 2022
Best estimate	612	526
Risk margin	61	54
Technical provision	**673**	**579**

7.8.2.2.2 Non-life insurance risk

Non-life Insurance risk can be broken down into:

- Premium and reserve risk
- Non-life catastrophe risk
- Lapse risk

Premium- and reserve risk

The premium- and reserve risk is derived at the level of a legal entity based on the standard model. The premium- and reserve risk is the risk that the premium respectively the reserve is not adequate for the underwritten risk. The reserve risk is associated with historical years, and the premium risk is associated with the future year(s). The premium risk is calculated over the maximum of the expected earned premium for the next year and the earned premium for the current year. For the calculation of the premium- and reserve risk, several input data and parameters are necessary, as described in the standard model. The geographical spread, when a (re)insurer underwrites products in different countries, is not relevant for a.s.r. non-life as there is no material exposure outside the Netherlands.

Non-life Catastrophe Risk Module

Catastrophe risk is defined as the risk of loss or adverse change in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events. The Non-life SCR Catastrophic Risk Module used, consists of natural catastrophe risk (Windstorm and Hail), man-made catastrophe risk (Fire, Motor and Liability) and other Non-life catastrophe risk. The Non-life Catastrophe Risk Module is derived at the level of a legal entity based on the standard model.

Lapse risk

The lapse risk is the loss in basic own funds caused by the discontinuance of 40% of the policies for which discontinuation would result in an increase of technical provisions (without the risk margin). The calculation is based on the type of discontinuance which most negatively affects the basic own funds, which is for Non-life immediately termination of the policy.

Below table summarises the required capital for abovementioned Non-life insurance risks based on the standard model.

Non-life insurance risk - required capital

	31 December 2023	31 December 2022
Premium and reserve risk	640	548
Lapse risk	51	52
Catastrophe risk	175	159
Diversification (negative)	-160	-149
Non-life insurance risk	**706**	**609**
Natural catastrophe risk	148	132
Man-made catastrophe risk	91	86
Other non-life catastrophe risk	20	20
Diversification (negative)	-85	-79
Catastrophe risk (subtotal)	**175**	**159**

For the Non-life portfolio, the provision at year-end can be broken down as follows under Solvency II:

Non-life portfolio - technical provisions per segment

	31 December 2023	31 December 2022
Best estimate	1,802	1,479
Risk margin	105	88
Technical provision	**1,907**	**1,567**

7.8.2.2.3 Managing Health and Non-life insurance risk

Health and Non-life insurance risk is managed by monitoring claims frequency, the size of claims, inflation, handling time, benefit and claims handling costs, and biometrical risks (disability, recovery, illness, death). Concentration risk also qualifies as an insurance risk.

In recent years, measures have been taken to improve profitability and reduce risk. Examples are: premium increases, stricter acceptance criteria, shorter claims filing terms and making use of the claims reassessment arrangement between the Dutch Association of insurers and social security institute UWV. Effects are being monitored closely and assessed to be effective.

Claims frequency, size of claim and inflation
To mitigate the risk of claims, a.s.r. bases its underwriting policy on claims history and risk models. The policy is applied to each client segment and to each type of activity. In order to limit claims and / or ensure that prices are adjusted correctly, the acceptance policy is continually refined using a number of indicators and statistical analyses. The product lines also use knowledge or expectations with respect to future trends to estimate the frequency, size and inflation of claims. The risk of unexpected major damage claims is contained by policy limits, the concentration of risk management and specific risk transfer contracts (e.g. reinsurance).

Handling time
The time required for handling and settling claims is an important factor. The settlement of claims that have a long handling time, such as liability claims, can take many years. Analyses are performed regularly and based on a.s.r.'s experience in similar cases, historical trends – such as the pattern of liabilities – increases in risk exposure, payment of damages, the scale of current and not yet settled damage claims, court rulings and economic conditions.

Benefit and claims handling costs
Taking estimated future inflation into account, benefit and claims handling costs are managed based on regular reviews and related actions.

Disability risk
Disability risk is controlled by means of regular evaluation of historical claims patterns, expected future developments and price adjustments. Disability risk is mitigated by a.s.r. through underwriting criteria and a proactive reintegration policy. a.s.r. non-life ended the mitigation of its disability risk through reinsurance in 2023. Only for Aegon there is a limited amount of active reinsurance.

Concentration risk
Geographically, the risk exposure of a.s.r. on its health and Non-life portfolio is almost entirely concentrated in the Netherlands. Concentration of insurance risks is particularly prevalent in the fire risk portfolio (i.e. home and content, with storm and flood risk forming the most important factor). Storm and flood risk is managed by means of suitable reinsurance (see also 'Reinsurance').

There is also a concentration of risk in group disability schemes. Group disability contracts are underwritten within the scope of disability cover for employees in the Netherlands (WIA).

Reinsurance
When deemed effective in terms of capital relief versus costs incurred, a.s.r. enters into reinsurance agreements to mitigate Non-life insurance risks. Reinsurance can be taken out for each separate claim (per risk), for the accumulation of claims due to natural disasters or to human actions (per event), or for both these risks.

The level of retention in the various reinsurance contracts is aligned with the size and the risk profile of the underlying portfolios, taking into account of the cost of reinsurance on the one hand, and the risk that is retained on the other.

7.8.3 Market risk

Market risk is the risk of potential losses due to adverse movements in financial market variables. Exposure to market risk is measured by the impact of movements in financial variables such as equity prices, interest rates and property prices.
The various types of market risk which are discussed in this section, are:

- interest rate risk (including interest rate volatility risk)
- equity risk (including equity volatility risk)
- property risk
- currency risk
- spread risk
- concentration risk

Aegon life and Aegon spaarkas use a Partial Internal Model (PIM) to calculate the solvency position. The PIM contains separate modules for (i) interest rate risk, (ii) equity risk, (iii) property risk and (iv) spread risk. For the other risks, the Solvency II standard formula is applied. a.s.r. life, a.s.r. non-life and a.s.r. health use the Solvency II standard formula to calculate the solvency position. The total market risk is therefore the sum of the SF and IM.

The main market risks of a.s.r. are interest rate, equity, property and spread risk. The total market risk amounted to € 4,891 million per year-end 2023 of which € 3,086 million is based on SF and € 1,805 based on IM including Deterministic Adjustment (DA) (2022: € 2,481 million fully based on SF). The increase of € 2,321 million, is mainly the result of the acquisition of Aegon NL combined with higher equity prices.

a.s.r. accepts and manages market risk for the benefit of its customers and other stakeholders. a.s.r.'s risk management and control systems are designed to ensure that these market risks are managed effectively and efficiently, aligned with the risk appetite for the different types of market risks. Market risk reports are submitted to either FRC or RCC at least once a month. In these reports different types of market risks are monitored and tested against the limits according to the financial risk policies.

The value of investment funds at year-end 2023 was € 8,250 million (2022: € 6,823 million). a.s.r. applies the look through approach for investment funds to assess the market risk.

As part of PIM the DA is identified for Aegon life to mitigate volatility caused by the basis risk between (i) the EIOPA VA reference portfolio and (ii) the asset portfolio of Aegon life. The value of the DA at year-end 2023 was € 88 million. Note that the DA is not included in the required capital for market risks when determining the diversification between risks. In the presented figures the DA is included in the market risk.

The diversification effect shows the effect of having a well-diversified investment portfolio.

Solvency II sensitivities
The Solvency II SCR is a Value at Risk-measure. Therefore, Solvency II ratio sensitivities are disclosed as the alternative analysis, instead of IFRS sensitivities, as permitted by IFRS. The sensitivities of the solvency ratio as at 31 December 2023, expressed as the impact on the group solvency ratio (in percentage points) are as presented in the table below. The total impact is split between the impact on the solvency ratio related to movement in the available capital and the required capital. The sensitivities are based on the situation per 31 December 2023 and include Financial Institutions.

Solvency II sensitivities - market risks

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
UFR 3.2%	-4	-4	-	-	-4	-4
Interest rate +0.5% (incl. UFR 3.45% for 2023 and 2022)	-2	-2	+3	+1	-	-1
Interest rate -0.5% (incl. UFR 3.45% for 2023 and 2022)	+2	+1	-4	-7	-2	-6
Interest steepening +10 bps	-1	-1	-	-	-	-1
Volatility Adjustment -10bp	-10	-7	+6	-3	-5	-10
Government spread + 50 bps / VA +10 bps (2022: VA: +10 bps)	-5	-3	+3	-	-2	-3
Mortgage spread +50 bps	-10	-8	+3	-	-7	-7
Equity prices -20%	-7	-11	+8	+14	+1	+3
Property values -10%	-10	-10	+2	+4	-8	-6
Spread +75bps/ VA +17bps (2022: VA +18bps)	+14	+10	-7	+1	+7	+11
Inflation +30 bps	-1	-2	-	-	-2	-2

Solvency II sensitivities - explanation

Risk	Scenario
Interest rate risk - UFR 3.2%	Measured as the impact of a lower UFR. For the valuation of liabilities, the extrapolation to the UFR of 3.2% after the last liquid point of 20 years remained unchanged. The impact on available capital, required capital and ratio relates to a comparison with a solvency ratio measured at a UFR of 3.45% for 2023 and 2022.
Interest rate risk (incl. UFR 3.45%)	Measured as the impact of a parallel 0.5% upward and downward movement of the interest rates. For the liabilities, the extrapolation to the UFR (3.45% for both 2023 and 2022) after the last liquid point of 20 years remained unchanged.
Interest steepening	Measured as the impact of a linear steepening of the interest rate curve between 20Y and 30Y of 1 bps to 10 bps.
Volatility Adjustment	Measured as the impact of a 10 bps decrease in the Volatility Adjustment.
Government spread	Measured as the impact of an increase of spread on Government bonds of 50 bps. At the same it is assumed that the Volatility Adjustment will increase by 10 bps (2022: +10 bps).
Mortgage spread	Measured as the impact of a 50 bps increase of spreads on mortgages.
Equity risk	Measured as the impact of a 20% downward movement in equity prices.
Property risk	Measured as the impact of a 10% downward movement in the market value of real estate.
Spread risk (including impact of spread movement on VA)	Measured as the impact of an increase of spread on loans and corporate bonds of 75 bps. At the same time, it is assumed that the Volatility Adjustment will increase by 17 bps (2022: +18bps) based on reference portfolio.
Inflation risk	Measured as the impact of a 30 bps parallel increase of the inflation rates (EUSWI-curve). The extrapolation of the UFI remains unchanged.

7.8.3.1 Interest rate risk
Interest rate risk is the risk that the value of assets or liabilities will change due to fluctuations in interest rates. a.s.r. is exposed to interest rate risk, as both its assets and liabilities are sensitive to movements in long- and short-term interest rates. Insurance products are exposed to interest rate risk. Especially the life insurance products are long-term and therefore particularly sensitive to interest rate risk. The interest rate risk of insurance products depends, besides the term to maturity, on interest rate guarantees and profit-sharing features. Where applicable Knab and Aegon hypotheken prefer to hedge the risk to the extent possible.

Interest rate risk is managed by aligning fixed-income investments to the profile of the liabilities. Among other instruments, swaptions and interest rate swaps are used for hedging the specific interest rate risk arising from interest rate guarantees and profitsharing features in life insurance products. An interest rate risk policy is in place for a.s.r. as well as for the registered insurance companies. Interest rate risk reports are submitted to either FRC or RCC at least once a month. In these reports the interest rate risk is monitored and tested against the limits according to the financial risk policies.

The required capital for interest rate risk is determined by calculating the impact on the available capital due to changes in the yield curve.

The Solvency II SF interest rate risk is the maximum loss of (i) an upward shock and (ii) a downward shock of the yield curve.

- The used shocks vary by maturity and the absolute shocks are higher for shorter maturities (descending: 75% to 20% and ascending: -70% to -20%):
- The yield curve up shock contains a minimum shock of 100bps;
- The yield curve down shock is zero in case the yield curve is negative;
- The yield curves of all currencies are shocked simultaneously.
- All adjustments (credit spread, volatility adjustment) on the yield curve are considered constant.
- The yield curve is extrapolated to the UFR. The yield curve after shock is not extrapolated again to the UFR.

The Solvency II IM for interest rate risks differ from the standard formula results for the following reasons:

- The Solvency II PIM interest rate curve shocks are calibrated based on historical market data;
- The Solvency II PIM assumes that the UFR does not change in a shock scenario, while the standard formula interest rate shock assumes that the whole curve moves, including the UFR; and
- In addition, the Solvency II PIM includes a capital requirement for interest rate volatility risk.

a.s.r. has assessed various scenarios to determine the sensitivity to interest rate risk. The impact on the solvency ratio is calculated by determining the difference in the change in available and required capital and include Financial Institutions[1].

Solvency II sensitivities - interest rate

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
UFR 3.2%	-4	-4	-	-	-4	-4
Interest rate +0,5% (incl. UFR 3.45%)	-2	-2	+3	+1	-	-1
Interest rate -0.5% (incl. UFR 3.45%)	+2	+1	-4	-7	-2	-6
Interest steepening +10 bps	-1	-1	-	-	-	-1
Volatility Adjustment -10bp	-10	-7	+6	-3	-5	-10

The interest rate sensitivity decreased compared to previous year.

7.8.3.2 Equity risk

The equity risk takes into account the risk arising from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities. Exposure to equity markets exists in both assets and liabilities. Asset exposure exists through direct equity investments. In order to maintain a good understanding of the actual equity risk, a.s.r. applies the look-through approach for investment funds to assess the equity risk. The equity risk of insurance products depends on guarantees and profit-sharing features.

The Solvency II SF equity risk is determined by calculating the impact on the available capital due to an immediate drop in equity prices.

- Equities listed in regulated markets in countries in the EEA or OECD are shocked by 39% together with the symmetric adjustment (type I).
- Equities in countries that are not members of the EEA or OECD, unlisted equities, alternative investments, or investment funds in which the look-through principle is not possible, are shocked by 49% together with the symmetric adjustment (type II).
- Investments of a strategic nature are shocked by 22%.
- The equity capital of the renewable investments qualifying as an infrastructure investment (e.g. wind farm Wieringermeer) is shocked by 30% together with the symmetric adjustment.

The Solvency II IM includes an equity shock, which differs from the standard formula shock:

- Equity risk shocks are calibrated based on Aegon life's own portfolio.
- The equity exposures are also shocked for equity volatility risks.

Solvency II sensitivities - equity prices[2]

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Equity prices -20%	-7	-11	+8	+14	+1	+3

Composition of equity portfolio

The total fair value of equities and similar investments at year-end 2023 was € 3,738 million (2022: € 2,604 million). The increase in 2023 was mainly due to the acquisition of Aegon NL. Please note that the total fair value of equities and similar investments referred to in this section does not include "Assets held for index-linked and unit-linked contracts". Although the risks of these assets are primarily for the policyholders, guarantees within certain products may transfer some of the risk to a.s.r.

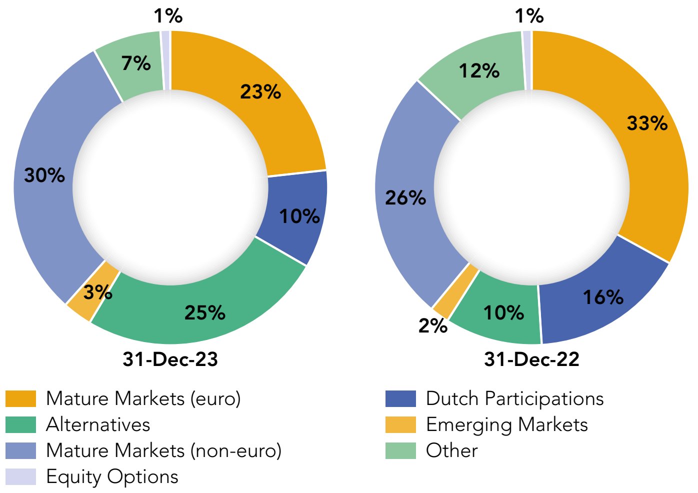
1 As of 2023 a.s.r. reports a Solvency II ratio including Financial Institutions. The 2022 figures have been restated accordingly.
2 Sensitivities include Financial Institutions.

The equities are diversified across the Netherlands (including participating interests), other European countries and the United States. A limited part of the portfolio consists of investments in emerging markets and alternatives. A portfolio of options with a value of € 30 million is in place to mitigate the equity risk.

The table below shows the exposure of the equity portfolio to different categories. The total value is including the equities in externally managed funds. The category Other contains the investments of ASR infrastructure Renewables (AIR) in windmill - and solarparks which are in scope of 'Qualifying infrastructure equities other than corporate' (€ 190 million).

Please note that the total exposures to equity referred to in this section does not include "Assets held for index-linked and unit-linked contracts". Although the risks of these assets are primarily for the policyholders, guarantees within certain products may transfer some of the risk to a.s.r.

Composition equity portfolio



7.8.3.3 Property risk

The property risk takes into account the risk arising from the sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of real estate. The property risk depends on the total exposure to real estate. In order to maintain a good understanding of the actual property risk, a.s.r. applies the look through approach for investment funds and participations which activities are primarily real estate investments.

The Solvency II SF property risk is determined by calculating the impact on the available capital due to an immediate drop in property prices by 25%. Both assets and liabilities are taken into account. The product Agrarische Impact Erfpacht (AIE) has effectively a lower charge due to the underlying risk mitigating characteristics of this product.

The Solvency II IM for property risk includes an IM property shock, which differs from the standard formula shock.

The sensitivity of the solvency ratio to changes in property value is monitored on a monthly basis. Sensitivity of regulatory solvency (Solvency II) to changes in property prices is shown in the following table.

Solvency II sensitivities - property values[1]

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Property values -10%	-10	-10	+2	+4	-8	-6

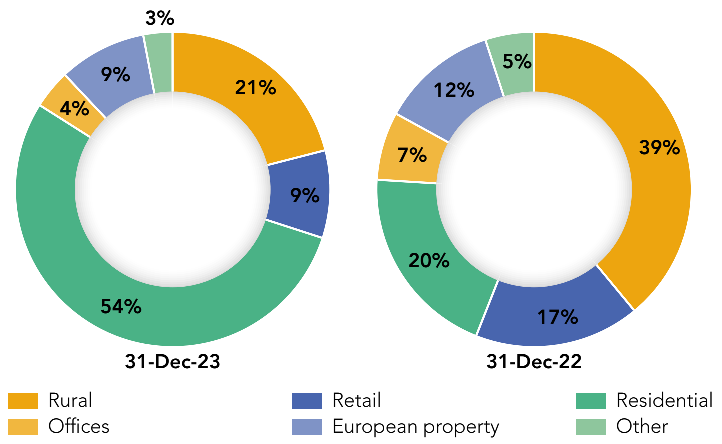
Composition of property portfolio

The property risk depends on the total exposure to property, which includes both property investments and property held for own use. The fair value of property was € 9,193 million at year-end 2023 (2022: € 5,001 million). The increase in 2023 (approximately € 4,192 million) was a result of the acquisition of Aegon NL (approximately € 4,272 million), a decrease of property values (approximately € -149 million), improved lookthrough data of property funds (approximately € 56 million) and transactions (approximately € 12 million).

Please note that the total exposures to property referred to in this section does not include "Assets held for index-linked and unit-linked contracts". Although the risks of these assets are primarily for the policyholders, guarantees within certain products may transfer some of the risk to a.s.r.

1 Sensitivities include Financial Institutions.

Composition property portfolio



7.8.3.4 Currency risk

Currency risk measures the impact of losses related to changes in currency exchange rates. The table below provides an overview of the currencies with the largest exposures. a.s.r. has currency risk to insurance products in American dollars (USD), Australian dollars (AUD), South African Rands (ZAR) and Canadian dollars (CAD).

A currency risk policy is in place for a.s.r. as well as for the registered insurance companies. For different investment categories a.s.r. has defined a target hedge ratio. Currency risk reports are submitted to either FRC or RCC at least once a month. In these reports the currency risk is monitored and tested against the limits according to the financial risk policies.

The required capital for currency risk is determined by calculating the impact on the available capital due to a change in exchange rates. Both assets and liabilities are taken into account and a look-through approach is applied for investment funds. For each currency the maximum loss due to an upward and a downward shock of 25% is determined except for a small number of currencies where lower shocks are applied (a.o. Danish crown).

Currency risk - required capital

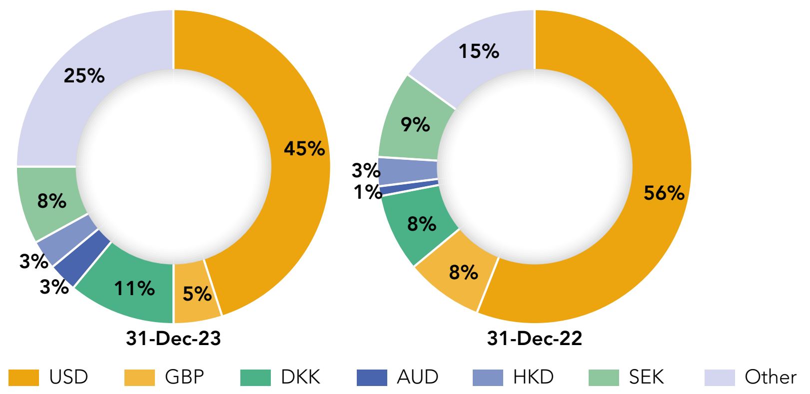
	31 December 2023	31 December 2022
SCR currency risk - required capital	226	135

In 2023 the Solvency II SF currency risk has increased with € 90 million. The main reason for this increase is the acquisition of Aegon NL (€ 50 million). The remaining increase of € 40 million can be explained by an increase in equity prices and a lower currency hedge ratio for non-euro equities. The increase is partly offset by an increase in the currency hedge ratio for USD bonds.

Specification currencies with largest exposure

The total foreign exchange exposure at year-end 2023 was € 772 million (2022: € 573 million). The increase in 2023 (approximately € 200 million) was the result of the acquisition of Aegon NL (€ -6 million), an increase in equity prices and a lower currency hedge ratio for non-euro equities. Please note that the total foreign exchange exposure referred to in this section does not include "Assets held for index-linked and unit-linked contracts". Although the currency risk of these assets are primarily for the policyholders, guarantees within certain products may transfer some of the risk to a.s.r.

Composition currency portfolio



7.8.3.5 Spread risk

Spread risk arises from the sensitivity of the value of assets and liabilities to changes in the level of credit spreads on the relevant risk-free interest rates. a.s.r. has a policy of maintaining a well-diversified high-quality investment grade portfolio while avoiding large risk concentrations. Going forward, the volatility in spreads will continue to have possible short-term effects on the market value of the fixed income portfolio. In the long run, the credit spreads are expected to be realised and contribute to the growth of the own funds. Exposure to spread risk exists in both assets and liabilities. Asset exposure exists mainly through fixed income investments and mortgages. In order to maintain a good understanding of the actual spread risk, a.s.r. applies the look-through approach for investment funds. The spread risk of insurance products depends on guarantees and profit-sharing features.

The Solvency II SF spread risk is equal to the sum of the capital requirements for bonds, structured products and credit derivatives. Bonds and loans guaranteed by governments or international organisations could be in scope of counterparty default risk instead of spread risk. The capital requirement depends on (i) the market value, (ii) the modified duration and (iii) the credit quality category.

The Solvency II PIM for spread risk includes an IM spread shock which differs from the standard formula:

- Spread shocks are calibrated on the basis of Aegon life's fixed income portfolio.
- In contrast to the standard formula, government bonds are shocked with a factor larger than zero.
- Mortgages are in scope of the spread risk module, while under the standard formula mortgages are in scope of counterparty default risk. Hence, as a result, the spread risk inherent in a.s.r.'s mortgage portfolio is partly included in this section and partly under counterparty default risk. In particular, the mortgage portfolios of Aegon life and Aegon spaarkas are included in this section since these entities use the Partial Internal Model (PIM), while the mortgage portfolios of a.s.r. life, a.s.r. non-life and a.s.r. health are included under counterparty default risk since these entities apply the Solvency II Standard Formula (SF).
- Furthermore, the Solvency II PIM makes use of a dynamic volatility adjustment approach within Aegon life, while the standard formula does not. The Dynamic Volatility Adjustment methodology follows an asset-only approach, ensuring spread widening is the biting scenario.
- The performance of the fixed income portfolio is assessed under a broad range of credit scenarios and the model determines which part of the (short-term) losses experienced by the assets are recouped.

The sensitivity to spread risk is measured as the impact of an increase of spread on loans and corporate bonds of 75 bps. The VA is based on a reference portfolio. An increase of 75 bps of the spreads on loans and corporate bonds within the reference portfolio leads to an increase of the VA with 17 bps in 2023 (2022: 18 bps). The credit spread sensitivity decreased from +11 to +7.

Solvency II sensitivities - spread risk[1]

Effect on:	Available capital		Required capital		Ratio	
Scenario (%-point)	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Spread +75bps/ VA +17bps (2022: VA +18bps)	+14	+10	-7	+1	+7	+11

Composition of fixed income portfolio

Spread risk is managed on a portfolio basis within limits and risk budgets established by the relevant risk committees. Where relevant, credit ratings provided by the external rating agencies are used to determine risk budgets and monitor limits. A limited number of fixed-income investments do not have an external rating. These investments are generally assigned an internal rating. Internal ratings are based on methodologies and rating classifications similar to those used by external agencies.

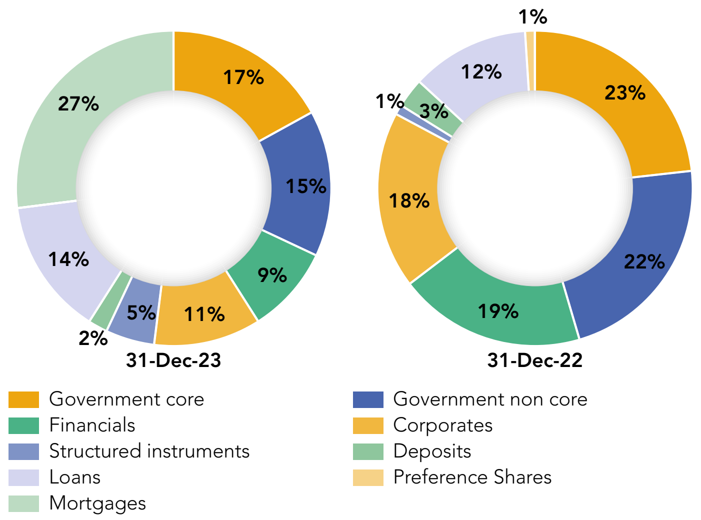
The following tables provide a detailed breakdown of the fixed-income exposure by (i) rating class and (ii) sector. Assets in scope of spread risk are, by definition, not in scope of counterparty default risk. The total exposure of assets in scope of spread risk is € 51,911 million (2022: € 20,653 million). The increase in 2023 (€ 31,258 million) was almost entirely the result of the acquisition of Aegon NL.

1 Sensitivities include Financial Institutions.

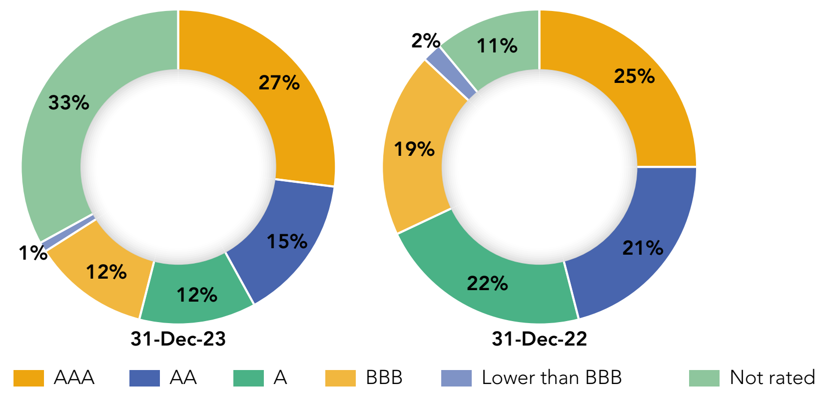
The portfolio decomposition changed due to the acquisition of Aegon NL. Among others, the mortgage portfolios of Aegon life and Aegon spaarkas are included as per 31 December 2023. In particular, this led to a significant increase of the non-rated fixed income percentage from 11% to 33%.

Please note that the total fixed-income exposure referred to in this section does not include "Assets held for index-linked and unit-linked contracts". Although the risks of these assets are primarily for the policyholders, guarantees within certain products may transfer some of the risk to a.s.r.

Composition fixed income portfolio by sector



Composition fixed income portfolio by rating



7.8.3.6 Market risk concentrations

Concentrations of market risk constitute an additional risk to an insurer. Concentration risk is the concentration of exposures to the same counterparty. Other possible concentrations (region, country, etc.) are not in scope. The capital requirement for concentration risk is determined in three steps:

1. determine the exposure above threshold. The threshold depends on the credit quality of the counterparty;
2. calculation of the capital requirement for each counterparty, based on a specified factor depending on the credit quality;
3. aggregation of individual capital requirements for the various counterparties.

According to the spread risk module, bonds and loans guaranteed by a certain government or international organisation are not in scope of concentration risk. Bank deposits can be excluded from concentration risk if they fulfil certain conditions.

a.s.r. continuously monitors exposures in order to avoid concentrations in a single obligor outside of the risk appetite and has an overall limit on the total level of the required capital for market risk concentrations. The calculation of the market risk concentrations applies to the total investment portfolio, where, in line with Solvency II, government bonds are not included.

The required capital for market risk concentrations is nil as per year-end 2023 (2022: nil).

7.8.4 Counterparty default risk

Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit standing of counterparties and debtors. Counterparty default risk affects several types of assets:

- mortgages
- savings-linked mortgage loans
- derivatives
- reinsurance
- receivables
- cash and deposits
- expected credit loss

Assets that are in scope of spread risk are, by definition, not in scope of counterparty default risk and vice versa. The Solvency II regime makes a distinction between two types of exposures:

- Type 1: These counterparties generally have a rating (reinsurance, derivatives, current account balances, deposits with ceding companies and issued guarantee (letter of credit). The exposures are not diversified.
- Type 2: These counterparties are normally unrated (receivables from intermediaries and policyholders, mortgages with private individuals or SMEs). The exposures are generally diversified.

The total capital requirement for counterparty risk is an aggregation of the capital requirement for type 1 exposure and the capital requirement for type 2 exposure by taking 75% correlation.

Counterparty default risk - required capital

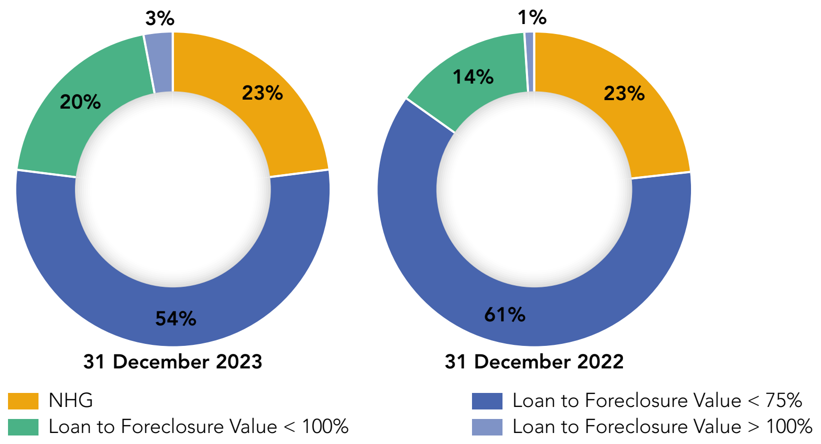
	31 December 2023	31 December 2022
Type 1	190	103
Type 2	136	138
Diversification (negative)	-20	-15
Total	**305**	**226**

In 2023 the Solvency II SF Counterparty default has increased with € 79 million. The main reason for this increase is the acquisition of Aegon NL which lead to an increase of Type 1 risk of € 86 million.

7.8.4.1 Mortgages

Mortgages are granted for the account and risk of third parties and for a.s.r.'s own account. The a.s.r. portfolio consists only of Dutch mortgages with a limited counterparty default risk. The fair value of a.s.r.'s mortgage portfolio was € 9,975 million at year-end 2023 (2022: € 9,534 million). The increase in 2023 (€ 441 million) was almost entirely the result of the acquisition of Aegon NL. Please note that only the mortgages of former Aegon non-life are in scope of Counterparty default risk. The mortgage portfolios of both Aegon life and Aegon spaarkas are in scope of Solvency II IM spread risk.

Composition mortgage portfolio



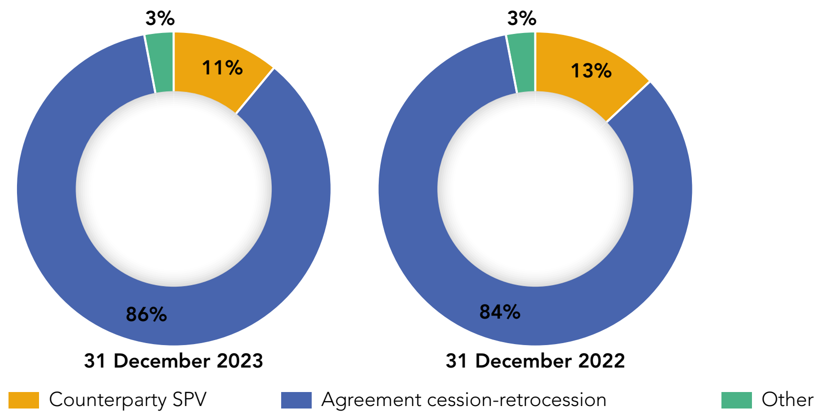
The Loan-to-Value ratio is based on the value of the mortgage according to Solvency II principals with respect to the a.s.r. calculated collateral. The percentage of mortgages which are in arrears for over three months has increased from 0.03% in December 2022 to 0.04% in December 2023.

7.8.4.2 Savings-linked mortgage loans

The counterparty default risk of the savings-linked mortgage loans ('Spaarlossen') depends on the counterparty. For 11% of the portfolio, the counterparties are Special Purpose Vehicles. The risk is limited due to the robust quality of the mortgages in the Special Purpose Vehicles in combination with the tranching. a.s.r. has a cession-retrocession agreement with the counterparty for 86% of the portfolio, for which the risk is limited. Effectively, a.s.r. recognises the underlying receivable from the counterparty (or in the case of insolvency of the counterparty the mortgage loans transfers as collateral), mitigating the counterparty default risk of the savings-linked mortgage loans.

On September 1, 2021 DNB issued the Q&A and Good Practices document on the treatment of saving mortgages and in December, the Dutch Association of Insurers shared its additional guidance on this subject. These documents provide further requirements and guidelines on the valuation, risk calculations and balance sheet classification. Saving deposits without collateral agreement are considered in the SCR Spread Risk Module. The saving deposits with collateral are treated in the Counterparty Risk Module. Furthermore the collaterised deposits are split in two: a) the outstanding part and corresponding interest are considered in the SCR Counterparty risk type 2 (zero risk); b) the future premiums and corresponding interest are treated as the uncollaterised derivative contract of SCR Counterparty Risk Type 1.

Composition savings-linked mortgage loans portfolio



7.8.4.3 Derivatives

Over the Counter (OTC) derivatives are primarily used by a.s.r. to manage the interest-rate risks incorporated into the insurance liabilities. Interest-rate derivatives are traded with a well-diversified and qualitative dealer panel with whom there is an established International Swaps and Derivatives Association (ISDA) contract and a Credit Support Annex (CSA) in place. These CSAs include specific agreements on the exchange of collateral limiting market and counterparty risk. The outstanding value of the interest rate derivative positions is matched by collateral received from eligible counterparties, minimising the net counterparty default risk.

7.8.4.4 Reinsurance

a.s.r. collaborates with reinsurers for fire and catastrophe risk. When entering into reinsurance contracts for fire and catastrophe, a.s.r. requires the counterparty to be rated at least single A. With respect to long-tail business and other sectors, the minimum permitted rating is single A.

The table below shows the exposure to reinsurers per rating. The total exposure to reinsurers at year-end 2023 was € -90 million (2022: € 309 million). The negative exposure in 2023 was entirely the result of the exposure of Aegon NL (€ -445 million) and the exposure of other entities (€ 355 million). The table below does not include Aegon NL.

Composition reinsurance counterparties by rating	31 December 2023	31 December 2022
AAA	0%	0%
AA	87%	86%
A	10%	14%
NR	0%	0%
Total	**100%**	**100%**

7.8.4.5 Receivables
The receivables with a counterparty default risk amounted to € 2,404 million at year-end 2023. This mainly consits of insurance and intermediaries receivables (€ 229 million), reinsurance receivables (€ 31 million), health insurance fund (€ 159 million) and other (non-insurance) receivables (€ 1,985 million).

7.8.4.6 Cash and cash equivalents
The current accounts on the balance sheet amounted € 4,303 million in 2023 (2022: € 1,756 million). The increase in 2023 (€ 2,548 million) was almost entirely the result of the acquisition of Aegon NL.

Composition cash accounts by rating	31 December 2023	31 December 2022
AAA	773	0
AA	514	0
A	3,017	1,744
Lower than A	0	11
Total	**4,303**	**1,756**

a.s.r. has no deposits in scope of counterparty default risk.

7.8.4.7 Expected credit loss
The recognition and measurement of impairments is forward-looking, and apply to all financial assets measured at amortised cost and at FVOCI. Initially, a provision is required for credit losses expected within the next 12 months. This is referred to as 'Stage 1'. If there is a significant increase in credit risk between the moment of origination and the reporting date, but the exposure is not in default, the exposure is in 'Stage 2'. If the exposure is in default, this is referred to as 'Stage 3'. For both 'Stage 2' and 'Stage 3', a provision is required for expected credit losses over the remaining lifetime of the financial asset.

Expected credit loss measurement

The impairment requirements outline a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

1. A financial instrument that is not credit-impaired on initial recognition is classified into 'Stage 1' and has its credit risk continuously monitored by a.s.r.:
   a) If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
   b) If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
2. Financial instruments in Stage 1 have their ECL measured at a 12-month expected credit losses that result from default events possible within the next 12 months.
3. Financial instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

ECL is measured on either a 12-month basis (Stage 1) or lifetime basis (Stages 2/3) depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12-month PD), or over the remaining lifetime (lifetime PD) of the obligation;
- EAD is based on the amounts a.s.r. expects to be owed at the time of default, over the next 12 months (12-month EAD) or over the remaining lifetime (lifetime EAD);
- LGD represents a.s.r.'s expectation of the extent of the loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of the claim, and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where the 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months, and the lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

A pervasive concept in measuring ECL is that it should consider forward-looking information. a.s.r. has performed historical analyses to identify the key economic variables impacting credit risk and expected credit losses for each portfolio. Expert judgment was also applied in this process.

a.s.r. employs separate models to calculate ECL on the following asset classes:

- Mortgage loans;
- Consumer loans;
- SME loans; and
- Debt securities.

Debt securities are covered by a single model because these portfolios are all managed in a similar fashion. Asset classes not covered by the ECL calculations are considered either to have immaterial credit risk or to be short-term in nature. Given the need to adapt the models to the different portfolio characteristics, all ECL models use different key judgments and assumptions.

The following tables show the changes in the loss allowance between the beginning and end of the year due to these factors (excluding Other financial assets at amortised cost):

Government and corporate bonds measured at FVOCI

2023	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
At 1 January	-	-	-	-
Changes in the composition of the group	1	-	-	1
Loss allowance at 31 December	**1**	**-**	**-**	**1**

Mortgage loans measured at amortised cost

2023	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
At 1 January	-	-	-	-
Stage transfers	-	-1	-	-1
Changes in models/risk parameters	-	-1	-	-
Changes in the composition of the group	1	3	-	4
Loss allowance at 31 December	**1**	**1**	**-**	**3**

Private loans measured at amortised cost

2023	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Purchased or Originated Credit-Impaired	Total
At 1 January	-	-	-	-	-
Stage transfers	-4	3	1	-	-
Net remeasurement of loss allowance	1	1	2	-	3
Repayments	-1	-1	-1	-	-3
Changes in models/risk parameters	-1	-1	1	-	-1
Changes in the composition of the group	6	-	-	-	6
Other changes	-	-	-1	-	-1
Loss allowance at 31 December	**2**	**1**	**2**	**-**	**5**

The total of undiscounted ECL at initial recognition for purchased or originated credit-impaired financial assets recognised during 2023 amounts to € 0 million.

The following tables further specify the changes in gross carrying amounts to help explain their significance for the changes in the loss allowance for the same portfolios as discussed above. The gross carrying amounts in these tables are the clean values, thus excluding the accrued interest.

Government and corporate bonds measured at FVOCI

2023	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
At 1 January	-	-	-	-
Repayments	-70	-	-	-70
Disposals	-45	-	-	-45
Changes in the composition of the group	970	-	-	970
Other changes	18	-	-	18
Gross carrying amount at 31 December	**874**	**-**	**-**	**874**

Mortgage loans measured at amortised cost

2023	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
At 1 January	-	-	-	-
Stage transfers	506	-510	4	-
Purchases and originations	964	14	-	979
Repayments	-538	-48	-1	-586
Changes in the composition of the group	12,763	957	14	13,734
Other changes	425	-	-	425
Gross carrying amount at 31 December	**14,121**	**414**	**18**	**14,552**

Private loans measured at amortised cost

2023	Stage 1 (12-month ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Purchased or Originated Credit-Impaired	Total
At 1 January	-	-	-	-	-
Stage transfers	-33	29	4	-	-
Purchases and originations	5	-	-	-	5
Repayments	-42	-14	3	-7	-60
Changes in the composition of the group	236	-	-	10	246
Other changes	-1	-	-1	-	-2
Gross carrying amount at 31 December	**164**	**15**	**6**	**3**	**188**

7.8.5 Liquidity risk

Liquidity risk is the risk that a.s.r. is not able to meet its financial obligations to policyholders and other creditors when they become due and payable, at a reasonable cost and in a timely manner. Liquidity risk is not quantified in the SCR of a.s.r. and is therefore separately discussed.

a.s.r. recognises different levels of liquidity management. First, short-term liquidity management which covers the day-to-day cash requirements and aims to meet short term liquidity risk targets. Second level covers the long-term liquidity management. This, among others, considers the strategic matching of liquidity & funding needs in different business conditions in which market liquidity risk could materialise. Finally stress liquidity management refers to the ability to respond to a potential crisis situation as a result of a market event and/or an a.s.r.-specific event.

Since market interest rates started rising in 2022, a.s.r. experienced liquidity outflow as a result of cash variation margin outflow related to the ISDA/CSA- and Clearing agreements of derivatives. The cash outflow was financed by returning earlier received cash collateral to counterparties and by liquidating assets. As at 31 December 2023 a.s.r. is a net receiver of cash collateral. Other sources of liquidity risk are (unexpected) lapses in the insurance portfolios and catastrophe risk. a.s.r. monitors its liquidity risk via different risk reporting and monitoring processes including cash management reports, cash flow forecasts, liquidity stress tests and liquidity dashboards in which liquidity outflows are calculated for different (stress) scenarios. For long-term liquidity management purposes, liquidity is also taken into account in the asset allocation process.

a.s.r.'s liquidity management principle consists of three components. First, a well-diversified funding base in order to provide liquidity for cash management purposes. A portion of assets must be held in cash and invested in unencumbered marketable securities so it can be used for collateralised borrowing or asset sales. In order to cover liquidity needs in stress events a.s.r. has committed repo-facilities in place to ensure liquidity under all market circumstances. Second, the strategic asset allocation should reflect the expected and contingent liquidity needs of liabilities. Finally, an adequate and up-to-date liquidity policy and contingency plan are in place to enable management to act effectively and efficiently in times of crisis.

In managing the liquidity risk from financial liabilities, a.s.r. relies on holding liquid assets comprising cash and cash equivalents and investment grade securities for which there is an active and liquid market. These assets can be readily sold or lend to meet liquidity requirements. As at 31 December 2023, a.s.r. had cash (€ 4,140 million), short-term secured deposits (€ 882 million) and liquid government bonds (€ 16,068 million).

The following table shows the contractual undiscounted cash flows of the insurance liabilities based on Solvency II. All other line items as well as the total carrying value are based on IFRS principles.

The insurance liabilities include the impact of expected lapses and mortality as well as non profit sharing cash flows. Profit sharing cash flows of insurance liabilities are not taken into account, nor are equities, property and swaptions. Furthermore, cash flows of the pension benefit obligations are taken into account.

Contractual cash flows

31 December 2023	Payable on demand	< 1 years	1-5 years	5-10 years	> 10 years	Carrying value
Insurance liabilities	621	4,752	27,817	23,555	78,211	99,384
Pension Benefit Obligation	-	122	999	1,289	6,388	5,218
Derivatives liabilities	-	1,520	2,508	2,802	4,630	10,132
Savings deposits	9,160	820	1,048	525	470	12,022
Financial liabilities	2,074	3,914	3,205	1,422	2,544	13,137
Future interest payments	-	100	537	563	1,278	-
Total	**11,856**	**11,228**	**36,114**	**30,156**	**93,521**	**139,894**

	Payable on demand	< 1 years	1-5 years	5-10 years	> 10 years	Carrying value
31 December 2022						
Insurance liabilities	-	5,234	10,236	9,845	34,294	42,103
Pension Benefit Obligation	-	64	540	725	3,594	2,742
Derivatives liabilities	-	459	2,608	2,006	1,310	5,681
Financial liabilities	1,770	576	53	74	2,059	4,512
Future interest payments	-	90	450	563	1,390	-
Total	**1,770**	**6,423**	**13,887**	**13,213**	**42,647**	**55,039**

The insurance contract liabilities contractual cash flows for the period 1-5 years can be split into: 1-2 years € 11,688 mln (2022 € 3,188 million), 2-3 years € 5,523 mln (2022 € 2,450 million), 3-4 years € 5,346 mln (2022 € 2,381 million) and 4-5 years € 5,260 mln (2022 € 2,216 million).

When the amount payable is not fixed the amount reported is determined by reference to the conditions existing at the reporting date.

Financial liabilities payable on demand include the liability recognised for cash collateral received under ISDAs, concluded with counterparties. The related cash collateral received is recognised as cash and cash equivalents, and not part of the liquidity risk exposure table.

7.8.6 Operational risk

Operational risk concerns the risk of direct and / or indirect losses which can occur within a.s.r. as a result of inadequate or failing (changing) internal processes, people, systems and/or as a result of external events. Operational risks occurred are most times being caused by the failure of processes, people, systems, external events or a combination of these factors.

Operational risk - required capital

	31 December 2023	31 December 2022
SCR operational risk - required capital	437	200

The SCR for operational risk amounts to € 437 million at the end of 2023 (2022: € 200 million) and is determined with the standard formula under Solvency II. The operational risk is based on the basic SCR, the volumes of premiums and technical provisions, and the amount of expenses.

Operational risk increases due to the integration of Aegon NL. There is no benefit of diversification for operational risk.

7.8.7 Strategic and operational risk management

The system of internal control includes the management of risks at different levels in the organisation, both operational and strategic.

7.8.7.1 Strategic Risk Management

Strategic risk management aims to identify and manage the most significant risks that may impact a.s.r.'s strategic objectives. Subsequently, the aim is to identify and analyse the risk profile as a whole, including risk interdependencies. The process of strategic risk analysis (SRA) is designed to identify, measure, manage, monitor, report and evaluate those risks that are of strategic importance to a.s.r.:

Identifying
Through the SRA process, identification of risks is structurally organised through the combined top-down and bottom-up SRA approach. The SRA outcomes are jointly translated into 'risk priorities' and 'emerging risks', in which the most significant risks for a.s.r. are represented.

Measuring
Through the SRA process, the likelihood and impact of the identified risks are assessed, taking into account (the effectiveness of) risk mitigating measures and planned improvement actions. Information from other processes is used to gain additional insights into the likelihood and impact. One single risk priority can take multiple risks into account. In this manner, the risk priorities provide (further) insights into risk interdependencies.

Managing
As part of the SRA processes, the effectiveness of risk mitigating measures and planned measures of improvement is assessed. This means risk management strategies are discussed, resulting in refined risk management strategies.

Monitoring and reporting
The output of the SRA process is translated into day-to-day risk management and monitoring and reporting, both at group level and business line levels. At group level, the risk priorities are discussed in the a.s.r. risk committee and the Audit & Risk Committee. At the level of the business lines, risks are discussed in the BRC's.

Evaluating
Insights regarding likelihood and impact are evaluated against solvency targets in the SRA process. Based on this evaluation, conclusions are formulated regarding the adequacy of solvency objectives at group and individual legal entity level.

Climate change
One of the areas within Strategic Risk Management concerns climate change. For a.s.r., climate change is a direct and indirect risk, both to its assets and liabilities. In chapter 3.6.3 Identified risks and 6.2.1. Climate change, the relevant climate related risks for a.s.r. are discussed including how these risks are managed. Climate change related risks have had no direct impact on the valuation in the current accounting and disclosures of a.s.r.'s assets and liabilities.

7.8.7.2 Operational Risk Management
Operational Risk Management (ORM) involves the management of all possible risks that may influence the achievement of the business goals and that can cause financial or reputational damage. ORM includes the identification, analysis, prioritisation and management of these risks in line with the risk appetite. The policy on ORM is drafted and periodically evaluated under the coordination of ERM. The policy is implemented in the decentralised business entities under the responsibility of the management boards. A variety of risks is covered by ORM policy: IT, outsourcing, project, reporting etc.

Identifying
With the operational targets as a starting point, each business entity performs risk assessments to identify events that could influence these targets. In each business entity the business risk manager facilitates the periodic identification of the key operational risks. All business processes are taken into account to identify the risks. All identified risks are prioritised and recorded in a risk-control framework.

The risk policies prescribe specific risk analyses to be performed to identify and analyse the risks. For IT systems, Information Security Analyses (*Dienstverlening en Informatie Veiligheids Analyse*) have to be performed and for large outsourcing projects a specific risk analysis is required.

Measuring
All risks in the risk-control frameworks are assessed on likelihood of defaults and impact. Where applicable, the variables are quantified, but often judgments of subject matter experts are required. Based on the estimation of the variables, each risk is labelled with a specific level of concern (1 to 4). Gross risks with a level of concern 3 or 4 are considered 'key'.

Managing
For each risk, identified controls are implemented into the processes to keep the level of risk within the agreed risk appetite (level of concern 1 or 2). In general, risks can be accepted, mitigated, avoided or transferred. A large range of options is available to mitigate operational risks, depending on the type. An estimation is made of the net risk, after implementing the control(s). A more effective and efficient approach to managing risks is required driven by increased complexity of processes, data processing and the need for a timely and accurate view on the risk profile. a.s.r. is therefore in the process of shifting towards a more automated approach to manage risks, for example automated controls and data analysis.

Monitoring and reporting
The effectiveness of operational risk management is periodically monitored by the business risk manager at each business line or legal entity. For each key control in the risk-control framework a testing calendar is established based on auditing standards. Each control is tested regularly and the outcomes of the effectiveness of the management of key risks are reported to the management board. Outcomes are also reported to the NFRC and a.s.r. risk committee.

Evaluating
Periodically, yet at least annually, the risk-control frameworks and ORM policies are evaluated to see if revisions are necessary. The risk management function also challenges the business segments and legal entities regarding their risk-control frameworks.

Operational incidents
Operational incidents are reported to GRM, in accordance with the operational risk policy. The causes of losses are evaluated in order to learn from these experiences. An overview of the largest operational incidents and the level of operational losses is reported to the NFRC. Actions are defined and implemented to avoid repetition of operational losses.

ICT
Through IT risk management, a.s.r. devotes attention to the confidentiality, integrity and availability of ICT, including End User Computations. The logical access control for key systems used in the financial reporting process remains a high priority in order to enhance the integrity of applications and data. The logical access control procedures also prevents fraud by improving segregation of duties and by offsetting current and desired access levels within the systems and applications. Proper understanding of information, security and cyber risks is essential and the reason for which continuous actions are carried out to create awareness among employees. All of a.s.r.'s security measures are tested periodically. To increase cyberresilience, a.s.r. is participating in de DNB Threat Intel Based Ethical Red Teaming exercise.

Business Continuity Management
Operational management can be disrupted significantly by unforeseen circumstances or calamities which could ultimately disrupt the execution of critical and operational processes. Business Continuity Management enables a.s.r. to resume its daily business with limited interruptions and to react quickly and effectively during such situations.

Critical processes and activities and the tools necessary to use for these processes are identified during the Business Impact Analysis. The factors that can threaten the availability of those tools necessary for the critical processes are identified in the Threat Analysis.

a.s.r. defines a crisis as: one or more business lines are (in danger of being) disrupted in their operations, due to a calamity, or when there is a reputational threat. In order to manage the crisis, and to be able to react timely, efficiently and effectively, a.s.r. has set up a crisis organisation.

There is a central crisis team led by a member of the board. Each business line has their own crisis team led by the director of the business line. The continuity of activities and the systems supporting critical activities are regularly tested and crisis teams are trained annually. The objective of the training is to give the teams insights in how they function during emergencies and to help them perform their duties more effectively during such situations. Some important training scenarios used are scenarios that include cyber threats.

Recovery and Resolution
a.s.r. has to comply with Dutch legislation that addresses the recovery and settlement of insurance companies ('Wet herstel en afwikkeling van verzekeraars' in Dutch). The objective is that insurance companies and supervisors are better prepared against a crisis and that insurance companies can recover from a crisis without government aid. On 5 April 2023 a new policy rule on resolvability of insurance companies was published. The policy rule specifies the criteria DNB has to take into account when identifying impediments to resolution in relation to Dutch insurance companies.

As part of the legislation a.s.r. is obliged to have a Preparatory Crisis Plan('Voorbereidend Crisisplan' in Dutch) in place that has been approved by DNB. a.s.r.'s Preparatory Crisis Plan helps to be prepared and supports the organisation in various scenarios of extreme financial stress. The Preparatory Crisis Plan describes and quantifies the measures that can be applied to handle a crisis situation and to resume business. These measures are tested in the scenario analysis, in which the effects of each recovery measure on a.s.r.'s financial position (solvency and liquidity) are quantified. The required preparations for implementing the measures, their implementation time and effectiveness, potential obstacles, impact on clients and operational effects are also assessed. The main purpose of the Preparatory Crisis Plan is to increase the chances of early intervention in the event of a financial crisis situation and to further guarantee that the interest of clients and other stakeholders are protected.

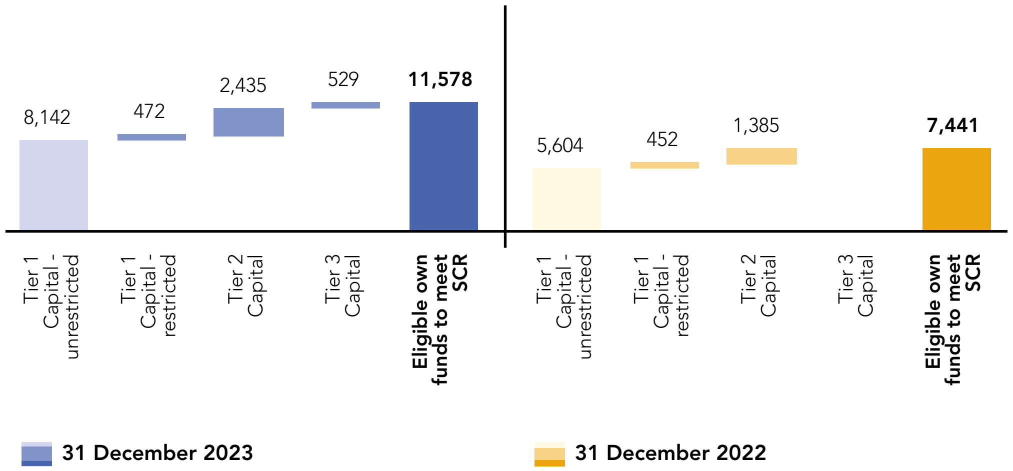
Reasonable assurance and model validation
a.s.r. aims to obtain reasonable assurance regarding the adequacy and accuracy of the outcomes of models that are used to provide best estimate values and solvency capital requirements. To this end, multiple instruments are applied, including model validation. Two times a year a model inventory is performed by the productlines to determine if and when a model (re)validation is required. Triggers for model (re)validation are diverse, e.g. regulation, conversions, analysis of change. Materiality is determined by means of an assessment of impact and complexity. Impact and complexity is expressed in terms of High (H), Medium (M), or Low (L). The model inventories are discussed in the Model Committee.

In the pursuit of reasonable assurance, model risk is mitigated and unacceptable deviations are avoided, against acceptable costs.

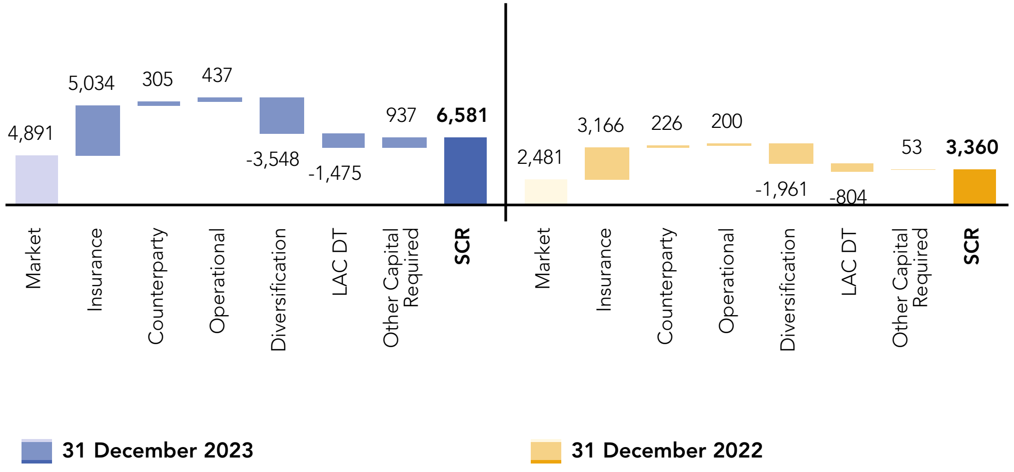
7.9 Capital management

Key figures

Eligible own funds



SCR



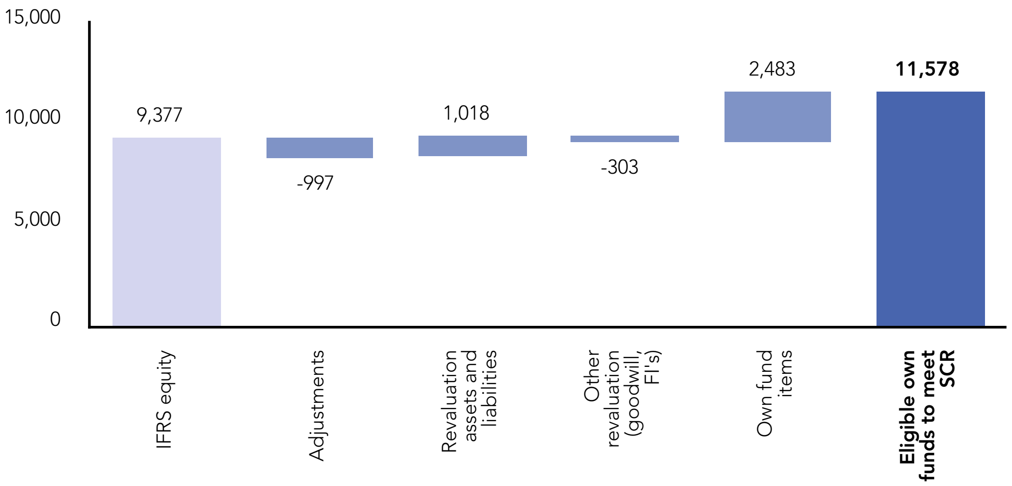
The solvency ratio stood at 176%[1] as at 31 December 2023 including a 31%-points decrease due to the acquisition of Aegon NL and the deduction for proposed dividend, as a result of € 11,578 million EOF and € 6,581 million SCR.

The EOF increased to € 11,578 million (31 December 2022: € 7,441 million), mainly driven by the acquisition of Aegon NL and organic capital creation, which was partly offset by market and operational developments and by the proposed dividend. The SCR increased to € 6,581 million (31 December 2022: € 3,360 million), primarily due to the addition of the Aegon NL business. Standard formula risks and Internal Model risks are aggregated using the IT3 methodology.

The capital requirements of Other Financial Sector entities (including Knab) are also part of this category.

1 As of 2023 a.s.r. reports a Solvency II ratio including Financial Institutions. The 2022 figures have been restated accordingly.

Reconciliation total equity IFRS vs EOF Solvency II



The table above presents the reconciliation of IFRS equity to the solvency II as per 31 December 2023. The main differences between the IFRS equity and EOF Solvency II are:

- Adjustment of other equity instruments (the other equity instruments excludes any discretionary interest);
- Total net revaluation of assets and liabilities (intagible assets and technical provisions);
- Other revaluations mainly elimination of goodwill and revaluation of Financial Institutions;
- Own fund items, for example addition of subordinated liabilities, other equity instruments (excluding any discretionary interest), and foreseeable dividend.

7.9.1 Capital management objectives

Management

Overall capital management is administered at group level. a.s.r. currently intends to consider investing capital above the management target Solvency II ratio (calculated based on the partial internal model) of 160% with the objective of creating value for its shareholders. If and when a.s.r. operates at a certain level (which may change over time) that is considerably above the management target, and it assesses that it cannot invest this capital in value-creating opportunities for a prolonged period of time, a.s.r. may decide, but is not obliged, to return (part of this) capital to its shareholders.

If a.s.r. chooses to return capital, it plans to do so in a form that is efficient for shareholders at that time. a.s.r. actively manages its in-force business, which is expected to result in free capital generation over time. Additionally, business improvement and balance sheet restructuring should improve the capital generation capacity while advancing the risk profile of the company. The legal entities are individually capitalised and excess capital over management's targets for the legal entities is intended to be upstreamed to the holding company as far as is needed for amongst others covering external dividend, coupon payments on hybrids / senior financing instruments and holding costs and in so far the local regulations and the internal risk appetite statement allow. Excess capital that is upstreamed to the holding company is added to and managed in the holding cash buffer until it is further distributed and used to cover dividends, coupons and other holding expenses. The capital and cash attribution to the holding is closely monitored and managed on a continuous basis.

Objectives

The group is committed to maintain a strong capital position in order to be a robust and sustainable insurer for its policyholders and other stakeholders. The objective is to maintain a solvency ratio well above the minimum levels as defined in the risk appetite statements and above the relevant management threshold levels. Sensitivities are periodically performed for principal risks and annual stress tests are performed to test a.s.r.'s robustness to withstand moderate to severe scenarios. An additional objective is to achieve a combination of a capital position and a risk profile that is at least in line with a 'single A' rating by Standard & Poor's.

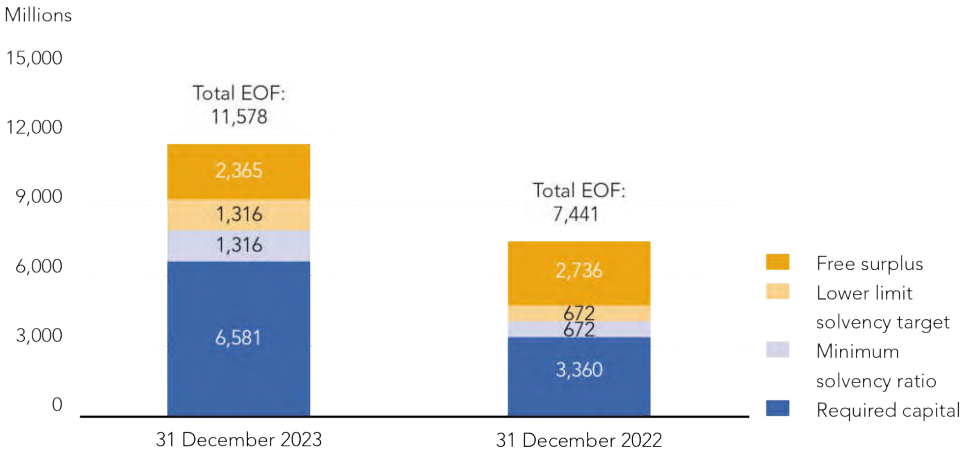
The SCR is reported on a quarterly basis and proxies are made on both a monthly and weekly basis. The internal minimum solvency ratio for a.s.r. as formulated in the risk appetite statement is 120%. The lower limit solvency target is 140%. The management threshold level for the solvency ratio is above 160%. The solvency ratio stood at 176% at 31 December 2023 including financial institutions and after final dividend, which was comfortably above the internal requirement of 120% and the management threshold level of 160%.

In accordance with a.s.r.'s dividend policy, the liquidity of the underlying entities is not taken into account for the liquidity position of the group. However, the capital is recognised in the capital position of the group, since a.s.r. has the ability to realise the capital of this OTSO, for example by selling the entity. Specifically regarding a.s.r. health basic in 2023, no dividend or capital withdrawals have taken place.

The table below shows how the eligible own funds of a.s.r. relate to the different capital targets[1].

1 As of 2023 a.s.r. reports a Solvency II ratio including Financial Institutions. The 2022 figures have been restated accordingly.

Market value own funds under SCR



7.9.2 Solvency ratio and a.s.r. ratings

Capital requirement
The required capital stood at € 6,581 million per 31 December 2023 (2022: € 3,360 million). The required capital (before diversification) consists for 2023 € 4,803 million out of market risk and the insurance risk amounted to € 5,034 million.

a.s.r.'s Solvency II ratio, including financial institutions, complied during 2023 with the applicable externally imposed capital requirement. The capital requirements of the financial institutions fall under a different sectoral supervision regime.

The table below presents the solvency ratio at group level as at the date indicated.

Eligible own funds to meet the SCR

	31 December 2023	31 December 2022
Eligible Own Funds Solvency II	10,460	7,346
Required capital	5,718	3,307
Solvency II ratio excluding Financial Institutions	**183%**	**222%**
Eligible Own Funds Solvency II	11,578	7,441
Required capital	6,581	3,360
Solvency II ratio including Financial Institutions	**176%**	**221%**

The Solvency II ratio stood at 183% (excluding financial institutions) at 31 December 2023 (2022: 222%). The Solvency II ratio including financial institutions stood at 176% as at 31 December 2023 (2022: 221%). The Solvency II ratios presented are not final until filed with the regulators.

Under Solvency II it is permitted to reduce the required capital with the mitigating tax effects resulting from a 1-in-200-year loss (Shock loss). There is a mitigating tax effect to the extent that the Shock loss (BSCR + Operational risk) is deductible for tax purposes and can be compensated with taxable profits. This positive tax effect can only be taken into account when sufficiently substantiated ('more likely than not'). a.s.r. included a beneficial effect on its solvency ratio(s) due to the application of the LAC DT. The LAC DT benefit was € 1,475 million at year-end 2023.

Relevant regulation and current guidance (Delegated Regulation, Level 3 guidelines, Dutch Central Bank Q&A's and IAS12) is taken into account in the development of the LAC DT methodology.

a.s.r. uses an advanced model for the LAC DT of both a.s.r. life and a.s.r. non-life and a 'basic' model for a.s.r. health basic and supplementary. In the advanced model future fiscal profits are used to underpin the LAC DT, while in the basic model no future profits are used. Both models are and will be updated in case constrained by additional guidance or legislation provided.

The a.s.r. solvency ratio does not include any contingent liability potentially arising from any of the current and / or future legal proceedings in relation to unit-linked insurance contracts or for other products sold, issued or advised on by a.s.r.'s insurance subsidiaries in the past, the reason being that it is impossible at this time to make reliable estimates because the book of policies of a.s.r. dates back many years, contains of a variety of products with different features and conditions and because of the fact that rulings are diverse.

On December 14, 2023, a political agreement was reached on amendments to the Solvency II Directive, following the 2020 review of the Solvency II framework. The formal adoption of the amendments to the directive is expected to take place by April 2024. The amendments are expected to take effect in EU member states by mid 2026 or 1st of January 2027. The proposed amendments consist of various changes to the Solvency II framework, affecting most notably the liability discount curve, the risk margin and the volatility adjustment (VA), the equity risk module for the SCR calculation, the introduction of a prudential climate-transition plan and sustainability-related considerations in the prudent person principle and in the ORSA and group supervision. Some measures could include a phase-in period. The amendments to the Solvency II Directive will require amendments to the Solvency II Delegated Regulation and/or the introduction of additional delegated acts and guidelines, to be developed by EIOPA.

In addition to the revisions to the Solvency II Directive, an agreement was reached on the Insurance Recovery and Resolution Directive (IRRD), which provides for recovery and resolution framework for insurance companies at European level and to be implemented by EU member states, comparable to the Act on Insurance Recovery and Resolution, currently in force in the Netherlands.

Standard & Poor's confirmed the single A rating of a.s.r., a.s.r. life, a.s.r. non-life, Aegon life on 8 September 2023. For Aegon Bank (Knab) an update was received on 6 February 2024, containing a downgrade to BBB+ from A- due to the announcement to sell Knab to BAWAG Group AG.

Ratings per legal entity

Ratings Standard & Poor's	Type	Rating	Outlook	Rating & outlook since
ASR Nederland N.V.	ICR	BBB+	Stable	15 May 2014
ASR Levensverzekering N.V.	IFSR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	ICR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	IFSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	ICR	A	Stable	23 August 2012
Aegon Levensverzekering N.V.	IFSR	A	Stable	23 May 2023
Aegon Levensverzekering N.V.	ICR	A	Stable	23 May 2023
Aegon Bank N.V.	ICR	BBB+	Negative	6 February 2024

ICR: Issuer Credit Rating
IFSR: Insurer Financial Strength Rating

Rating reports can be found on the corporate website: www.asrnl.com

7.9.3 Additional information

1. Mergers and Acquisitions

On 4 July 2023, a.s.r. finalised the transaction to combine business activities of a.s.r. and Aegon Nederland after the Consumer & Market Authority has approved the new combination and the Dutch Central Bank and the European Central Bank have issued a statement of no objection. As part of the transaction, Aegon received € 2.2 billion cash proceeds and a 29.99% stake in a.s.r.

2. Capital Market transactions

As part of the funding for the Aegon Netherlands transaction, on 22 November 2022 a.s.r. issued a € 1 billion subordinated Tier 2 capital instrument ("Tier 2 Notes"). As the issue was specifically earmarked to fund the Aegon Netherlands transaction, the Tier 2 Notes were not included in the Solvency position up until the closing of the Aegon transaction. With the closing on 4 July 2023, the full issue was included in the Solvency position of the Group.

As part of the Aegon Netherlands transaction, a.s.r. delivered 63,298,394 newly issued ordinary shares to Aegon Ltd. The shares are listed and admitted to trading on Euronext Amsterdam as of 6 July 2023. With the issuance of the new share capital, the amount of issued and outstanding shares of a.s.r. stood at 211,065,001 ordinary shares, of which Aegon holds 29.99%.

On 5 December 2023, a.s.r. issued a € 600 million inaugural green senior bond. The green senior bond has a maturity of 5 years. The bond was priced at 100 basis points over 5 year mid-swap rate, with a fixed rated coupon of 3.625%. The green senior bond offering is the inaugural issuance under the a.s.r. Green Finance Framework. The bond is not eligible as capital under the Solvency II framework, but does increase a.s.r.'s funding opportunities.

3. Share buyback programme

Upon announcement of the Aegon transaction, a.s.r. announced that the share buy back programme would be halted, in line with policy. a.s.r.'s capital management states that any additional capital distribution shall be considered in the light of opportunities for larger acquisitions and will be conditional upon our Solvency II ratio (based on the partial internal model) to remain above 175%, as a.s.r. aims to maintain a robust balance sheet. Any additional distribution will be financed from the available OCC, taking into account the regular dividend, room for potential bolt-on acquisitions and re-risking.

4. Dividend

a.s.r. has proposed a total dividend per share of € 2.89 over the full year 2023 (2022: € 2.70 per share). Taking into account the interim dividend of € 1.08 per share, the final dividend amounts to € 1.81 per share. The final dividend amounts to € 382 million based on the number of shares per 31 December 2023. a.s.r. maintains a progressive dividend policy which increases dividend by mid to high single digit annual growth until 2025.

7.10 Operating result

a.s.r. manages its business primarily using operational key performance indicators (KPIs). The operating result is the KPI covering the overall profitability of the business. Furthermore, a.s.r. uses other operational measures such as the Non-Life ratio, the life operating expenses as well as the availability and creation of capital, based on the Solvency II partial internal model, as key figures in business decision making (see chapter 7.9).

The operating result is managed and presented at the consolidated a.s.r. and at a segment level (see chapter 7.4.3) and is also a key profitability indicator at business line level. The operating result is an inclusive measure covering all result components that can be influenced by the regular business. As such the operating result is the single bottom line performance indicator covering the performance of the business.

Operating result as presented below is an Alternative Performance Measure (non-GAAP financial measure) and is not a measure of financial performance under IFRS. Because it is not determined in accordance with IFRS, operating result as presented by a.s.r. may not be comparable to other similarly titled measures of performance of other companies.

Definition of operating result

The definition of operating result has changed due to the introduction of IFRS 17.

Operating result is calculated by using the result before tax from continuing operations reported in accordance with IFRS, adjusted for the following:

1. **Adjustments to the investment and finance result:** investment and finance result, excluding investment operating expenses, is replaced by an Operating Investment and Finance Result (which is part of the Operating Result) which is defined as the expected return on the investments in excess of the expected interest accrual on the insurance liabilities, the investment operating expenses, all hybrid expenses (including hybrid expenses through OCI) and the UFR drag for each reporting period.

The operating result should reflect the operational performance of a.s.r. and should exclude revaluation effects on the assets and (insurance related) liabilities as a result of interest and spread movements and/or equity and real estate market movements.

If a.s.r. is to value the present value of future cash flows, it is common market practice to make use of a forward curve (based on the current discount curve) plus a certain premium reflecting the risk of invested assets. This premium is defined as the implied spread at the beginning of the period over which the result is calculated.

The expected return is calculated as:

- For the fixed income investments: the market value of the fixed income assets at the beginning of the period multiplied by the total of the one year forward swap rate and the implied spread at the beginning of the period;
- For equities and real estate investments: the market value of the equity and real estate assets at the beginning of the period multiplied by a total return assumption;
- For Insurance related liabilities: the market value of the insurance related liabilities at the beginning of the period multiplied by the one-year forward rate of the IFRS17 curve (i.e. including the Liability Illiquidity Premium and Credit Risk Adjustment);
- The other assets / liabilities at the beginning of the period multiplied by the forward curve.

The implied spread per fixed income asset category is defined as the required increase above the forward swap curve to determine the current market value. The implied spreads are calculated quarterly. a.s.r. has defined five fixed income asset categories that each have an implied spread.

The balance sheet at the beginning of the period is based on a.s.r.'s look-through principle, i.e. all assets in the same asset category have a similar risk-profile (e.g. fixed income funds are classified as fixed income and not as equities, real estate funds are classified as real estate, etc.).

For real estate and equity investments, a.s.r. applies a total return assumption of 5.5% and 6.6% (pre-tax) respectively. This assumption is evaluated each year;

2. **The impact of changes to future services on onerous contracts.** This implies that the negative impact of onerous contracts solely have an impact on the operating result at initial recognition;

3. **The impact of changes of inflation on the Liability for Incurred Claims**;

4. **Other adjustments and incidental items**:

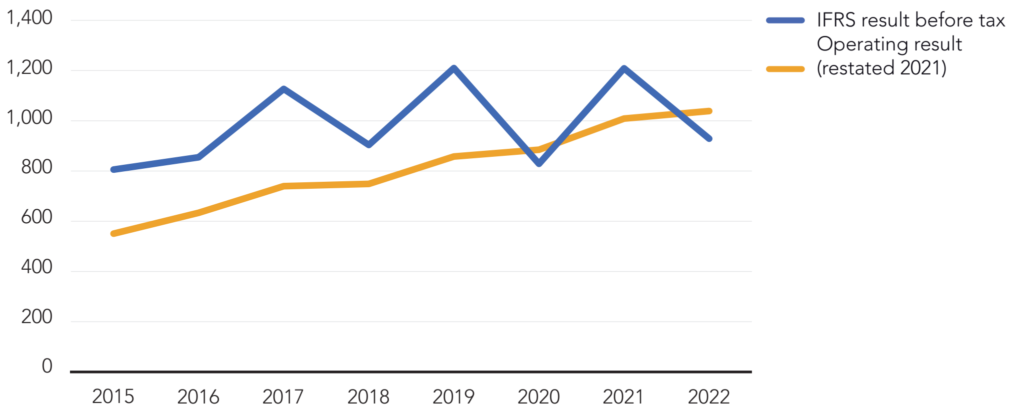
- Model- and methodological changes of a fundamental nature, in the measurement of the insurance liabilities;
- Results of non-core operations;
- Non-recurring or one-off items related to the ongoing business;
- Non-recurring or one-off items not related to the ongoing business, such as (non-exhaustive) restructuring costs, regulatory costs not related to business activities, changes in own pension arrangements and expenses related to mergers and acquisitions (M&A) activities and start-ups.

The RoE, which is based on the operating result, is defined as:
i. The operating result adjusted for the applicable tax divided by
ii. The IFRS equity adjusted for the unrealised capital gains reserve that may be reclassified subsequently to profit or loss and equity components of non-core activities.

Historical comparison

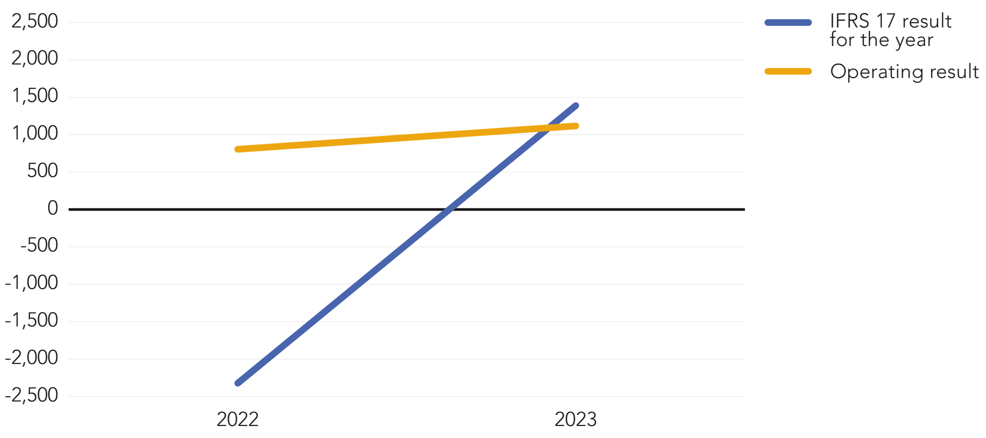
a.s.r. introduced the operating result in 2015 prior to the IPO. The operating result has since been the KPI for managing the profitability of the business. The comparison under IFRS 4 (2015-2022) and IFRS 17 (2022-2023) is shown separately.

IFRS 4 result versus operating result



The seven-year comparison of the IFRS 4 result and the operating result shows that the IFRS 4 result for the year is more prone to volatility. In most years the IFRS result has exceeded the operating result. Only in 2020 and 2022, the operating result was higher than the IFRS result. The development of the operating results shows a steady increase as the business has grown. The presented IFRS 4 figures have not been revised and cannot be linked to the current financial statements due to the introduction of IFRS 17.

IFRS 17 result versus operating result



The two-year comparison of the IFRS 17 result and the operating result shows that, as expected, the volatility of the IFRS figures has increased significantly. In 2022 this was mainly driven by sharply rising interest rates resulting in significant revaluations. Operating result is less sensitive to financial market developments, as, amongst others, the Operating Investment and Finance Result is based on a standard return.

In 2023, IFRS result exceeded operating result mainly due to the downward adjustment of investment and finance result to the normalised operating investment and finance result (see below).

Reconciliation of IFRS result for the year to operating result

The reconciliation of the IFRS result for the year to the operating result is presented as follows:

IFRS result to operating result

	2023	2022
Result before tax	**1,389**	**-2,323**
Minus adjustments related to the insurance service result	-75	-390
Minus adjustments related to the investment and finance result	579	-2,694
Minus adjustments related to the other result	-231	-44
Operating result	**1,117**	**805**

In 2023, adjustments related to the insurance service result (€ -75 million) mainly consist of the non-economic assumption update for inflation in the liability of incurred claims of Disability (€ -87 million).

Adjustments related to the investment and finance result (€ 579 million) were mainly related to fair value revaluations driven by decreasing interest rates in 2023.

Adjustments related to the other result of € -231 million mainly consist of the following items:

- provisions made following the agreement with claim organisations on Unit Linked-life insurance transparency (see chapter 7.7.6.2). A provision was made of € 300 million in total, which includes an additional provision of € 50 million to facilitate individual claims of customers in distressing situations;
- the purchase gain on the Aegon NL transaction (€ 153 million), see chapter 7.4.5;
- the net positive impact from the Aegon transaction and the exchange of investment portfolios (€ 75 million);
- restructuring provision expenses (€ -58 million);
- amortisation of other intangible assets identified in business combinations (€ -23 million).

The negative IFRS result before tax in 2022 (€ -2,323 million) primarily reflected the negative investment-related incidentals (€ -2,694 million), related to significant revaluations driven mainly by sharply rising interest rates in 2022.

Adjustments related to the insurance service result (€ -390 million) mainly consist of future services on onerous contracts (€ -289 million) and strengthening of Disability provisions reflecting the 10% increase of the legal minimum wage as of 1 January 2023 (€ -93 million).

Adjustments related to the other result (€ -44 million) consist of regulatory project implementation costs (IFRS 17 and IFRS 9), amortisation of intangibles identified in business combinations, M&A costs related to the business combination of a.s.r. and Aegon Nederland and start-up costs for innovations.

7.11 Company financial statements

7.11.1 Company balance sheet

Company balance sheet

(in € millions and before profit appropriation)	Note	31 December 2023	31 December 2022 restated	1 January 2022 restated
Non-current assets				
Intangible assets	7.11.3.4	363	35	38
Property, plant and equipment	7.11.3.5	256	219	229
Subsidiaries	7.11.3.6	11,478	5,781	7,732
Loans to group companies	7.11.3.7	378	67	46
Investments	7.11.3.8	596	2,040	507
Loans and deposits		-	-	41
Derivatives		-	3	-
Deferred tax assets	7.11.3.9	-	-	-
Total non-current assets		**13,072**	**8,146**	**8,593**
Current assets				
Other receivables	7.11.3.10	6,083	3,120	4,058
Cash and cash equivalents	7.11.3.11	121	104	18
Total current assets		**6,204**	**3,225**	**4,076**
Total assets		**19,276**	**11,371**	**12,669**

(in € millions and before profit appropriation)	Note	31 December 2023	31 December 2022 restated	1 January 2022 restated
Equity				
Share capital	7.11.3.12	34	24	22
Share premium reserve	7.11.3.12	4,070	1,533	956
Legal reserves	7.11.3.12	842	288	767
Actuarial gains and losses	7.11.3.12	-288	-168	-1,055
Retained earnings	7.11.3.12	2,830	5,389	4,742
Treasury shares	7.11.3.12	-7	-79	-83
Net result for the year		1,086	*-1,710*	*933*
Less: interim dividend		*-228*	*-131*	*-111*
Unappropriated result	7.11.3.12	858	-1,841	821
Equity attributable to shareholders		**8,339**	**5,146**	**6,171**
Other equity instruments	7.11.3.12	1,004	*1,004*	*1,004*
Equity attributable to holders of equity instruments		**9,343**	**6,150**	**7,175**

(in € millions and before profit appropriation)	Note	31 December 2023	31 December 2022 restated	1 January 2022 restated
Provisions				
Employee benefits	7.11.3.13	5,218	2,742	4,013
Other provisions	7.11.3.14	84	3	8
Total provisions		**5,302**	**2,745**	**4,021**
Long-term liabilities				
Subordinated liabilities	7.11.3.15	2,005	2,005	1,010
Borrowings	7.11.3.16	845	226	234
Debts to group companies	7.11.3.17	1,001	-	-
Deferred tax liabilities	7.11.3.9	255	98	66
Total long-term liabilities		**4,105**	**2,329**	**1,309**
Current liabilities				
Due to banks	7.11.3.18	200	78	105
Other liabilities	7.11.3.19	327	69	59
Total current liabilities		**527**	**147**	**164**
Total equity and liabilities		**19,276**	**11,371**	**12,669**

The numbers following the line items refer to the relevant chapters in the notes to the company financial statements.

7.11.2 Company income statement

Company income statement

(in € millions)	Note	2023	2022 restated
Operating expenses	7.11.3.20	-211	-105
Impairments		-1	-
Other expenses		-3	-3
Other income		124	4
Income from subsidiaries and investments			
Share of result in subsidiaries		1,115	-931
Investment income	7.11.3.21	56	9
Fair value gains and losses		21	-5
Interest expenses	7.11.3.22	-85	-963
Result before tax		**1,016**	**-1,995**
Income tax (expense) / gain		70	285
Net result		**1,086**	**-1,710**

The share of result in subsidiaries and the other income related to the bargain purchase of € 153 million on the Aegon NL transaction are non-taxable as a result of the participation exemption under Dutch tax law.

7.11.3 Notes to the company financial statements

7.11.3.1 Changes in comparative figures

a.s.r. has adopted the following new standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2023:

- IFRS 17 Insurance contracts;
- IFRS 9 Financial instruments.

The impact of these changes on a.s.r.'s profit before tax and shareholders returns is summarised in chapter 7.3.1. In line with IFRS accounting requirements the comparative figures relating to IFRS 17 have been restated. In addition, a.s.r. has chosen to restate the comparative figures relating to IFRS 9.

Below, the reconciliation of the 2022 and 2021 company balance sheet is disclosed to account for the impact of IFRS 17 and IFRS 9.

Reconciliation of the company balance sheet 31 December 2022

(in € millions)	31 December 2022	Reclassification	Remeasurements	Restated 31 December 2022
Intangible assets	35	-	-	35
Property and equipment	219	-	-	219
Subsidiaries	6,265	-	-484	5,781
Loans to group companies	71	1	-4	67
Investments	2,039	1	-	2,040
Loans and deposits	-	-	-	-
Derivatives	3	-	-	3
Total non-current assets	**8,633**	**2**	**-489**	**8,146**
Other receivables	3,363	-2	-241	3,120
Cash and cash equivalents	104	-	-	104
Total current assets	**3,468**	**-2**	**-241**	**3,225**
Total assets	**12,101**	**-**	**-730**	**11,371**
Share capital	24	-	-	24
Share premium reserve	1,533	-	-	1,533
Legal reserves	27	-	261	289
Actuarial gains and losses	-168	-	-	-168
Retained earnings	3,783	-	1,604	5,388
Treasury shares	-79	-	-	-79
Net result for the year	*732*	-	*-2442*	*-1,710*
Less: interim dividend	*-131*	-	-	*-131*
Unappropriated result	601	-	-2442	-1,841
Equity attributable to shareholders	**5,722**	-	**-576**	**5,146**
Other equity instruments	1,004	-	-	1,004
Equity attributable to holders of equity instruments	**6,726**	-	**-576**	**6,150**

(in € millions)	31 December 2022	Reclassification	Remeasurements	Restated 31 December 2022
Provisions				
Employee benefits	2,742	-	-	2,742
Other provisions	3	-	-	3
Total provisions	**2,745**	**-**	**-**	**2,745**
Long-term liabilities				
Subordinated liabilities	1,980	26	-	2,005
Borrowings	226	-	-	226
Deferred tax liabilities	130	-	-32	98
Total long-term liabilities	**2,336**	**26**	**-32**	**2,329**
Current liabilities				
Other liabilities	216	-26	-121	69
Due to banks	78	-	-	78
Total current liabilities	**294**	**-26**	**-121**	**147**
Total equity and liabilities	**12,101**	**-**	**-730**	**11,371**

Reconciliation of the company balance sheet 1 January 2022

(in € millions)	31 December 2021	Reclassification	Remeasurements	Restated 1 January 2022
Intangible assets	38	-	-	38
Property and equipment	229	-	-	229
Subsidiaries	8,293	-	-561	7,732
Loans to group companies	45	1	-	46
Investments	502	4	-	507
Loans and deposits	20	-	20	41
Deferred tax assets	62	-	-62	-
Total non-current assets	**9,191**	**5**	**-603**	**8,593**
Other receivables	3,587	-5	476	4,058
Cash and cash equivalents	18	-	-	18
Total current assets	**3,605**	**-5**	**476**	**4,076**
Total assets	**12,796**	**-**	**-127**	**12,669**

(in € millions)	31 December 2021	Reclassification	Remeasurements	Restated 1 January 2022
Share capital	22	-	-	22
Share premium reserve	956	-	-	956
Legal reserves	2,445	-	-1,679	767
Actuarial gains and losses	-1,055	-	-	-1,055
Retained earnings	3,247	-	1,495	4,742
Treasury shares	-83	-	-	-83
Net result for the year	*942*	-	*-9*	*933*
Less: interim dividend	*-111*	-	-	*-111*
Unappropriated result	830	-	-9	821
Equity attributable to shareholders	**6,363**	**-**	**-192**	**6,171**
Other equity instruments	1,004	-	-	1,004
Equity attributable to holders of equity instruments	**7,367**	**-**	**-192**	**7,175**
Provisions				
Employee benefits	4,013	-	-	4,013
Other provisions	8	-	-	8
Total provisions	**4,021**	**-**	**-**	**4,021**
Long-term liabilities				
Subordinated liabilities	992	18	-	1,010
Borrowings	234	-	-	234
Deferred tax liabilities	-	-	66	66
Total long-term liabilities	**1,226**	**18**	**66**	**1,309**
Current liabilities				
Due to banks	105	-	-	105
Other liabilities	77	-18	-	59
Total current liabilities	**182**	**-18**	**-**	**164**
Total equity and liabilities	**12,796**	**-**	**-127**	**12,669**

7.11.3.2 Accounting policies

The company financial statements are prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. The consolidated financial statements of a.s.r. for 2023 have been prepared in accordance with IFRS – including the IAS and Interpretations – as accepted within the EU and with part 9 of the book of the Dutch Civil Code. In accordance with Section 362(8), Book 2 of the Dutch Civil Code, the same accounting policies for the recognition and measurement of assets and liabilities and determination of results applied to the company financial statements are applied to the consolidated financial statements.

Investments in group companies are recognised, using the equity method, in accordance with the accounting policies used in a.s.r.'s consolidated financial statements whereby the goodwill, if any, is presented separately. The share of profit of group companies is reported in conformity with the accounting policies used in a.s.r.'s consolidated financial statements.

Lease contracts are disclosed using IFRS 16 based on the option under RJ 292.1.

Unless stated otherwise, all amounts presented in these financial statements are in millions of €. Calculations in the tables are made using unrounded figures. As a result rounding differences can occur.

7.11.3.3 Acquisitions and legal mergers

On 4 July 2023, a.s.r. announced the completion of its business combination between a.s.r. and Aegon NL by acquiring the shares of Aegon NL.

Following the acquisition, on 1 October 2023, Aegon NL has legally merged with a.s.r. As a result, Aegon NL has ceased to exist as a separate legal entity. The merger occurs with effect from 1 January 2023. The merger was between companies with the same parent ('common control transaction') hence the merger has been accounted for applying the pooling of interest method using existing book values as used by the parent.

From 4 July 2023 onwards, a.s.r. has fully included the results and balance sheet positions in the a.s.r. financial statements. For the period when a.s.r. had no control of Aegon NL (1 January 2023 up to 4 July 2023), Aegon NL reported a net income of € 237 million.

Changes in the composition of the group relates to the assets acquired through the acquisition of Aegon NL, see chapter 7.4.5.

7.11.3.4 Intangible assets

Intangible assets

	2023	2022
Goodwill	17	17
Intangible assets	346	17
Total intangible assets	**363**	**35**

The goodwill relates to the acquisition of BNG Vermogensbeheer in 2016 (€ 4 million) and to the acquisition of Generali in 2018 (€ 13 million). No impairments were deemed necessary. For more information see chapter 7.5.1.

The change in the amount of intangible assets relates to the integration of Aegon NL (€ 349 million) and amortisation (€ 21 million) which is presented in the operating expenses.

7.11.3.5 Property and equipment

Property and equipment

	2023	2022
Right-of-use assets:		
Land and buildings owned by subsidiary	230	209
Vehicles	6	7
Other	20	3
Total property and equipment	**256**	**219**

The right-of-use assets includes property and equipment that is leased by a.s.r. Land and buildings owned by subsidiary relates mainly to the a.s.r. head office, which is owned by a.s.r. life.

Changes in property and equipment

	2023	2022
At 1 January	219	229
Additions	2	2
Depreciation	-13	-11
Remeasurement	10	-
Other changes	-3	-
Changes in the composition of the group	42	-
At 31 December	**256**	**219**
Gross carrying amount as at 31 December	378	259
Accumulated depreciation as at 31 December	-122	-40
Net carrying value as at 31 December	**256**	**219**

Depreciation of property and equipment is recorded in the operating expenses (see chapter 7.11.3.21).

7.11.3.6 Subsidiaries

Subsidiaries

	2023	2022
At 1 January	5,781	7,732
Additions	13	39
Share of result	1,115	-931
Dividend received	-1,194	-753
Revaluations	202	-412
Other changes	-9	106
Changes in the composition of the group	5,570	-
At 31 December	**11,478**	**5,781**

Changes in the composition of the group relates to the assets acquired through the acquisition of Aegon NL, see chapter 7.4.5.

7.11.3.7 Loans to group companies

Loans to group companies

	2023	2022
At 1 January	68	45
Issues	305	26
Revaluations	1	-4
Accrued interest	4	1
At 31 December	**378**	**68**

The loans to group companies with a principal amount of € 376 million (2022: € 71 million) are expected to be settled more than one year after the balance sheet date and have an average interest rate of 6.22% (2022: 5.90%). Interest income on loans to group companies amounts to € 6 million (2022: € 2 million).

7.11.3.8 Investments

Excess cash was invested in short term government bonds. Short term government bonds held at 2022 were sold to finance the Aegon NL transaction.

7.11.3.9 Deferred tax assets

The deferred tax assets mainly arises from the difference in commercial and fiscal valuation of employee benefits (including the assets resulting from the insurance contracts, which are administrated by a.s.r. life) amounting to - € 180 million (2022: € -86 million).

7.11.3.10 Other receivables

The other receivables include receivables from group companies, which include the receivable (reimbursement right) with respect to insurance contracts for the pension plan of a.s.r. administered by a.s.r. life and Aegon Life amounting to € 5,955 million (2022: € 3,035 million). The value is equal to the value of the related insurance contracts administered by a.s.r. life and Aegon Life, which are both eliminated in the consolidated financial statements. The remaining portion of the receivables from group companies is payable on demand.

7.11.3.11 Cash and cash equivalents

In 2023, cash is invested in short-term government bonds, see chapter 7.11.3.8.

Cash and cash equivalents are fully and freely available.

7.11.3.12 Equity

Statement of changes in equity

	Share capital	Share premium reserve	Legal reserves	Actuarial gains and losses	Retained earnings	Treasury shares	Unappropriated result	Other equity instruments	Equity
1 January 2022, as previously reported	22	956	2,445	-1,055	3,246	-83	830	1,004	7,366
Impact of changes in accounting standards	-	-	-1,679	-	1,497	-	-9	-	-191
Restated at 1 January 2022	**22**	**956**	**767**	**-1,055**	**4,742**	**-83**	**821**	**1,004**	**7,175**
Appropriation of the result previous year	-	-	-	-	821	-	-821	-	-
Net result for the year	-	-	-	-		-	-1,710	-	-1,710
Dividend paid	-	-	-	-	-214	-	-131	-	-346
Remeasurement of post-employment benefit obligation	-	-	-	887	-	-	-	-	887
Unrealised change in value	-	-	-412	-	87	-	-	-	-325
Change in reserves required by law	-	-	-67	-	67	-	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-48	-	-	-	-48
Issue of other equity instruments	-	-	-	-	-7	-	-	-	-7
Treasury shares acquired (-) / sold	-	-	-	-	-	-71	-	-	-71
Increase (decrease) in capital	2	577	-	-	-61	75	-	-	594
Other movements	-	-	-	-	2	-	-	-	2
At 31 December 2022	**24**	**1,533**	**288**	**-168**	**5,389**	**-79**	**-1,841**	**1,004**	**6,150**

	Share capital	Share premium reserve	Legal reserves	Actuarial gains and losses	Retained earnings	Treasury shares	Unappropriated result	Other equity instruments	Equity
At 1 January 2023	24	1,533	288	-168	5,389	-79	-1,841	1,004	6,150
Appropriation of the result previous year	-	-	-	-	-1,841	-	1,841	-	-
Net result for the year	-	-	-	-		-	1,086	-	1,086
Dividend paid	-	-	-	-	-254	-	-228	-	-482
Remeasurement of post-employment benefit obligation	-	-		-120	-	-	-	-	-120
Unrealised change in value	-	-	202	-	-20	-	-	-	182
Change in reserves required by law	-	-	352	-	-352	-	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-48	-	-	-	-48
Treasury shares acquired (-) / sold	-	-	-	-	-1	-4	-	-	-5
Increase (decrease) in capital	10	2,537	-	-	-40	75	-	-	2,582
Other movements	-	-	-	-	-2	-	-	-	-2
At 31 December 2023	**34**	**4,070**	**842**	**-288**	**2,830**	**-7**	**858**	**1,004**	**9,343**

Share capital

For a breakdown of the share capital, see chapter 7.5.11.1.

Legal reserves

The legal reserves relate to the revaluation of investments in group companies. The legal reserves are maintained in relation to the (not yet received as dividend) share in the result (and other additions to equity) of group companies accounted for using the equity method since initial recognition reduced with the amount of dividend that a.s.r. is able to distribute without restrictions. The legal reserves are not freely distributable. See chapter 7.9 for more information on the regulatory restrictions.

Treasury shares

For more information on treasury shares, see chapter 7.5.11.5.

Other equity instruments

The other equity instruments relate to two (2022: two) different hybrid Tier 1 and Tier 2 instruments classified as equity. See chapter 7.5.11.6 for more information.

Freely distributable items

The part of equity attributable to shareholders that is available for dividend distributions is limited by the Dutch Civil Code and the Dutch Supervisory Rules and Regulations (Solvency II requirements). The distribution of capital is restricted in accordance with the Dutch Civil Code for share capital and statutory reserves. The Solvency II requirements stipulate that a.s.r. must maintain a minimum amount of capital.

The freely distributable reserves is based on the lowest outcome of the restrictions from the Dutch Civil Code and the Solvency II requirements. This is further explained in the table below:

Distributable items

	2023	2022
Equity attributable to shareholders	8,339	5,146
Non distributable items		
- Share capital[1]	34	24
- Legal reserves	842	288
Distributable items based on the Dutch Civil Code	**7,463**	**4,834**
Reserves available for financial supervision purposes	11,578	7,441
Solvency II requirement under the Financial Supervision Act	6,581	3,360
Distributable items based on the Solvency II requirements	**4,997**	**4,081**
Freely distributable items (lower of the values above)	**4,997**	**4,081**

For more information on Solvency II capital management objectives see chapter 7.9.1.

7.11.3.13 Employee benefits

Employee benefits can be broken down as follows (see chapter 7.5.15 for further details):

Employee benefits

	2023	2022
Post-employment benefits pensions	5,160	2,722
Post-employment benefits other than pensions	39	7
Post-employment benefit obligation	**5,199**	**2,730**
Other long-term employee benefits	19	12
Total	**5,218**	**2,742**

1 Less the nominal value of treasury shares if applicable

7.11.3.14 Other provisions

Changes in provisions

	2023	2022
At 1 January	3	8
Additional provisions	65	4
Reversal of unused amounts	-1	-2
Utilised in course of year	-9	-6
Changes in the composition of the group	25	-
At 31 December	**84**	**3**

Provisions primarily relate to provisions for employee restructuring and retained disability risk. See chapter 7.5.16 for more information.

The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and time required for the settlement of disputes.

An amount of € 70 million (2022: € 3 million) of the provisions is expected to be settled within twelve months after the balance sheet date.

7.11.3.15 Subordinated liabilities

For information regarding the subordinated liabilities see chapter 7.5.12.

7.11.3.16 Borrowings

Borrowings

	2023	2022
Loans	596	-
Lease liabilities	248	226
Total borrowings	**845**	**226**

The loans relate to the issue of the green senior bond under the a.s.r. Green Finance Framework of € 600 million in 2023. The bond has a maturity of 5 years with a fixed rate coupon of 3.625%.

The lease liabilities consist primarily (€ 220 million, 2022: € 216 million) of the lease of the a.s.r. head office from a.s.r. life. The interest rate for the lease of the head office is 1.5% (2022: 1.5%). The maturity of this contract is 32 years, which includes the total of five extension options of five years each.

An amount of € 20 million (2022: € 12 million)of the lease liabilities is expected to be settled within twelve months after the balance sheet date.

7.11.3.17 Debts to group companies

Debts to group companies with a principal amount of € 996 million (2022: nil) have an average interest rate of 3.92 % in 2023. The maturity of the loans varies from 1 - 4 years. An amount of € 791 million of the debt to group companies is expected to be settled less than or equal to one year after the balance sheet date.

There is no significant difference between the carrying amount of the debt to group companies and the fair value of these liabilities. No securities or guarantees have been agreed and no collateral is posted.

7.11.3.18 Due to banks

In 2023, due to banks amounted to € 200 million (2022: € 78 million).The entire amount of due to banks is expected to be settled less than or equal to one year after the balance sheet date.

7.11.3.19 Other liabilities

Other liabilities

	2023	2022
Short-term employee benefits	18	16
Trade payables	3	-
Tax payables	-	9
Other liabilities	306	44
Total other liabilities	**327**	**69**

The carrying amount of other liabilities is a good approximation of their fair value.

7.11.3.20 Operating expenses

The operating expenses of € 211 million (2022: € 105 million)are operating expenses relating to holding activities. The increase in the operating expenses is mainly due to the integration of Aegon NL. See chapter 7.6.11 for the total operating expenses of the group. Operating expenses also include depreciation of the right-of-use assets owned by subsidiaries of € 12 million (2022: € 11 million).

7.11.3.21 Investment income

The investment income of € 56 million (2022: € 9 million) mainly increased as a result of an increase in the interest income relating to the employee benefits obligation allocated to the holding.

7.11.3.22 Interest expense

The interest expense relates primarily to the interest on subordinated liabilities, interest owed to credit institutions and to the interest on the lease liabilities.

7.11.3.23 Auditor's fees

The following fees for the financial years have been charged by KPMG Accountants N.V. to a.s.r., its subsidiaries and other consolidated entities, on an accrual basis.

Auditor's fee

Amounts in € thousands	2023		2022	
	KPMG	Other auditor	KPMG	Other auditor
Audit of the financial statements	15,410	6,144	6,548	-
Other audit engagements	1,712	2,076	1,324	-
Total audit fees	**17,123**	**8,220**	**7,872**	**-**

Fees for audit engagements include fees paid for the audit of the consolidated and company financial statements, quarterly reports and other reports.

In the above mentioned years no fees were paid for tax-related advisory services to KPMG Accountants N.V. and no fees were paid to other KPMG networks, other than KPMG Accountants N.V.

7.11.3.24 Related parties

A related party is a person or entity that has significant influence over another entity, or has the ability to affect the financial and operating policies of the other party. Parties related to a.s.r. include associates, joint ventures, members of the EB and MB, members of the SB, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other affiliated entity.

a.s.r. enters into transactions with related parties during the conduct of its business. These transactions mainly involve loans, debts, deposits and commissions, and are conducted on terms equivalent to those that prevail in arm's length transactions.

- Related party transactions in relation to members of the EB, MB and SB are mentioned in chapter 7.7.3 of the consolidated finanancial statements.
- The remuneration of the EB and SB members of a.s.r. is disclosed in chapter 7.7.4 of the consolidated finanancial statements.
- The loans (including interest income) and debts to group companies are described in 7.11.3.7 respectively 7.11.3.17 of the financial company statements.

The post-employment benefit plan of a.s.r. is administreted by a.s.r. life and Aegon Life. For information regarding to this plan reference is made to chapter 7.11.3.10 of this company financial statements.

7.11.3.25 Contingent liabilities

Joint and several liability

a.s.r. forms a fiscal unity for corporate income tax and VAT with nearly all of its subsidiaries. The company and its subsidiaries that form part of the fiscal unity are jointly and separately liable for taxation payable by the fiscal entity.

A statement of joint and several liability under section 403, Book 2 of the Dutch Civil Code has been issued by a.s.r. for the companies identified in chapter 7.7.8.

Investment obligations and guarantees

As in 2022, a.s.r. has issued no investment obligation or guarantees to third parties.

Utrecht, 2 April 2024

Executive Board
Jos Baeten
Ewout Hollegien
Ingrid de Swart

Supervisory Board
Joop Wijn
Herman Hintzen
Sonja Barendregt
Gisella van Vollenhoven
Gerard van Olphen
Daniëlle Jansen Heijtmajer
Lard Friese

Additional information

8

8.1 About this report

Scope
In this integrated Annual Report, a.s.r. provides a transparent overview of its activities and results for the reporting year starting at 1 January 2023 and lasting up to and including 31 December 2023. The financial information in this Annual Report has been consolidated for a.s.r. and all its group entities. All qualitative information relates to a.s.r. as a whole, unless a specific business line is explicitly mentioned. All non-financial quantitative information includes a.s.r. and its group entities, but excludes Aegon NL, unless stated otherwise. The full list of principal group companies and associates can be found in section 7.4.1.

Standards
The consolidated financial statements of a.s.r. have been prepared in accordance with IFRS – including the IAS and Interpretations – as adopted by the EU, and with the financial reporting requirements included in Title 9, Book 2 of the Dutch Civil Code, where applicable. Pursuant to the options offered by Section 362, Book 2 of the Dutch Civil Code, a.s.r. has prepared its company financial statements in accordance with the same principles as those used for the consolidated financial statements. All amounts quoted in these financial statements are in euros and rounded to the nearest million, unless otherwise indicated. Calculations are made using unrounded figures. As a result rounding differences can occur. The Solvency II figures in this Annual Report are based on the standard formula. In addition to the information in this Annual Report, a.s.r. also publishes a separate Solvency and Financial Condition Report.

a.s.r. prepares the management report in accordance with BW 2:391 and the EU Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings and the Directive 2014/95/EU amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups. The EU Directive reference table is included in section 9.5. The management report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021. Conform the Integrated Reporting Framework of the IFRS Foundation, the report shows how a.s.r. was able to create sustainable financial and non-financial value in 2023 for all its stakeholders. This report offers an overview of key developments and performance of a.s.r. and shows how a.s.r. deals with key risks, opportunities, and uncertainties. The topics presented are based on a stakeholder dialogue and materiality analysis (section 8.3), conducted with the Executive Board and different a.s.r. stakeholders.

The definitions and, if relevant, calculation methods of indicators are explained in section 9.1. Due to the migration to a new HR system as of 2021, it is not possible to validate the 2019-2020 data for the HR indicators 'Equivalent working time spent on training' and 'Average days of training per employee that followed training', Because of this, the decision is made to not disclose these figures.

Process
The information in this Annual Report is delivered by various staff functions and business segments. For the preparation of the Annual Report, a steering group, a working group, and a review group have been set up to guide the process and review the content. The steering group represents the CEO, the Director Group Finance & Risk Reporting, and the Director Corporate Communication. The working group consists of the suppliers of the quantitative and qualitative information. The review group is represented by board members and directors. Before gathering information and writing the Annual Report, the steering group decided on the structure and key messages of the report. The working group then translated these guidelines into drafts, which were reviewed by a committee of members from the steering, working, and review group. During the reporting process, the review group delivered feedback on the draft Annual Report. The final draft texts of the Annual Report are discussed in the respective meetings of the EB, the A&RC and the SB. Disclosure of the Annual Report is subject to the approval of the EB and the SB.

Audit and assurance of the auditor
The consolidated financial statements 2023 have been audited by a.s.r.'s external auditor, KPMG. KPMG's audit opinion can be found in section 8.6, included in the Annual Report. The information related to the EU Taxonomy Regulation (section 6.2.4) and related to the EU Directive on the disclosure on non-financial and diversity information (section 9.5) have not been subject to limited or reasonable assurance.

In addition to the financial results, KPMG performed a review of the non-financial information in this Annual Report. In 2023, the KPIs mentioned below were audited with a reasonable level of assurance:

- Carbon footprint of portfolio for own account in % reduction compared to baseline year 2015;
- Impact investments;
- Relational Net Promoter Score;
- Sustainable reputation;
- Employee Engagement;
- 23 selected HR related indicators.

All other non-financial information has - as in previous years - been reviewed with a limited level of assurance. KPMG's assurance report can be found in chapter 8.7. The SB, EB/MB, and senior management are involved in seeking external assurance for the organisation's non-financial information.

Carbon footprint investment portfolio

The non-financial target regarding the carbon footprint is a 65% reduction of the emission intensity figure relative to the baseline year 2015 (2019 for Real estate[1]). The figures are presented in the total scope 1+2 emissions in tonnes CO_2 per € 1 million internally managed assets under management (AuM) for its own account, and the percentual reduction of this emission intensity rate compared to the baseline year. The carbon accounting methodology that is applied is the PCAF methodology. In line with the PCAF methodology, a.s.r. follows the financial control consolidation approach. The valuation method for financial amounts, such as totals that are published, are in line with the method applied for the balance sheet (AuM) in the financial statements. The emission intensity figure is calculated by dividing the total CO_2 footprint by the total AuM in € millions as per balance sheet per year-end. a.s.r. does not make use of any emission removal options for the carbon footprint of its portfolio for own account.

Coverage

The portfolio for own account is divided in three categories: asset management, real estate and mortgages. Asset management includes the asset classes equity, credits, and bonds. Real estate distinguishes buildings and rural real estate. For mortgages, the entire mortgage portfolio is covered.

Asset management

For asset management the carbon footprint includes corporate investments and sovereign bonds. For the carbon data, external sources Vigeo Eiris and Eurostat are used. The AuM for the baseline year 2015 is based on the portfolio approach. The 2022 and 2023 AuM is based on the look-through approach. Data, including emission factors, are derived from external data providers Moody's (credits and equity) and Eurostat (bonds).

Real estate

Real estate applies different methodologies to calculate the carbon footprint for buildings and for rural real estate. Scope includes ASR DCRF, ASR DPRF, ASR DMOF, ASR DSPF, ASR DFLF, and real estate for own account (excluding the head office in Utrecht, as these CO_2 figures are included in the footprint own operations in section 3.5.1).The carbon emissions data are derived from external sources Cooltree for buildings and Nutriënten Management Instituut (NMI) for rural real estate. For buildings, the carbon footprint is calculated based on a mix of actual and estimated consumption data and emission factors from electricity and gas. The emission factors are derived from CRREM. For rural real estate, external knowledge and consultancy organisation NMI – specialised in soil quality – determined the CO_2 footprint for rural real estate based on scientific research. This research was reviewed by an independent expert from the Wageningen University.

Mortgages

For mortgages the CO_2 figure covers all assets under management of the mortgage portfolio. The figure is calculated based on the average energy usage in kWh and use of cubic metres of natural gas per energy label, building year and type of house. The attribution factor that is applied is the ratio between the outstanding amount to the current market value at year-end. The input data, including emission factors, is derived from external sources Netherlands Enterprise Agency (*Rijksdienst voor Ondernemend Nederland*), Calcasa and Statistics Netherlands (*Centraal Bureau voor de Statistiek*), and is in line with PCAF.

Baseline (re)calculation

The methodologies to collect, assess and calculate carbon footprint for different asset classes is continually developing and improving. When a newly available methodology is significantly better compared to the current one, it might be appropriate to adopt the new methodology. Additionally, the scope of the reported carbon footprint for a.s.r. might change throughout time. As the carbon footprint strategic target is defined as a percentage reduction relative to baseline year 2015, changes in methodology and/or scope should be corrected for the baseline year. a.s.r. does this using index figures to keep track of percentual reduction of the carbon footprint of its portfolio own account. When a change in methodology and/or scope occurs in a certain year, an index figure equal to the percentage change compared to the baseline year is assigned to the carbon footprint in the old situation. The same index figure is assigned to the carbon footprint calculated using the new methodology and/or scope, and is used to further track progress on the carbon footprint reduction moving forward. This ensures that a change in methodology and/or scope has no impact on the carbon footprint reduction indicator.

Data quality of external sources

To determine the carbon footprint, a.s.r. is partly dependent on the data quality of data providers. To be critical and transparent about the data quality that serves as input for this calculation, a.s.r. follows the PCAF scoring methodology to assess the data quality for Asset Management, Real estate and Mortgages. For more details on the scoring methodology, please refer to the PCAF Global Accounting and Reporting Standard for the Financial Industry. The score categories are defined as following:

The table above shows the share of the reported carbon footprint of a.s.r.'s internally managed AuM that falls in each data quality category, as defined by PCAF.

Carbon footprint insurance portfolio

a.s.r. has applied the methodologies as prescribed by the PCAF standard part c – insurance-associated emissions to measure the insurance-associated emissions of its private passenger car insurance portfolio and of its commercial insurance portfolio.

The figures for private passenger car are calculated by multiplying the emissions factor of the private passenger car - as derived from the RDW (by make/model/fuel type) multiplied with the mileage - with the industry attribution factor (6,99% as derived from PCAF).

1 The % carbon reduction of investment own assets figure is calculated relative to baseline year 2015. Real estate has been added to the scope since 2019. The impact of the addition of Real estate in 2019 on the % carbon reduction of investment own assets figure has been corrected for using an indexation method. It is noted that Real estate has not contributed to the % carbon reduction of investment own assets realized in the period 2015-2019. This method is consulted with and agreed by the external auditor KPMG.

Data quality external sources for carbon footprint own assets calculation

(in %)	2023			2022		
	Carbon footprint – Asset Management	Carbon footprint – Real estate	Carbon footprint - Mortgages	Carbon footprint – Asset Management	Carbon footprint – Real estate	Carbon footprint - Mortgages
Score 1	45	-	-	41	-	-
Score 2	49	3	-	53	7	-
Score 3	6	-	57	6	-	59
Score 4	-	97	43	1	93	41
Score 5	-	-	-	-	-	-
Total	**100**	**100**	**100**	**100**	**100**	**100**

The insurance-associated emissions of the commercial portfolio have been calculated by multiplying the emission factor of the commercial customers (for scope 1 and 2 only as for scope 3 numbers are not (fully) available) -as derived from the PCAF database by sector - with the premium of the commercial customers.

Coverage
The figures include the private passenger car and commercial insurance portfolio of P&C for its provincial channel and mandated agents channel.

The total measured insurance associated emissions represent 81% of the total P&C portfolio in scope of the PCAF standard part c – insurance associated emissions, and represent 57% percent of the total P&C portfolio. In line with other non-financial information in this Annual Report, Aegon NL data is not included in these figures.

Coverage measured by premiums received

(in € million premiums)	2023
Measured private passenger portfolio	476
Measured business portfolio	535
Total calculated	**1,011**
Total in scope of target	**1,245**
Coverage of scope (in %)	81
Total of P&C portfolio	**1,769**
Coverage of P&C portfolio (in %)	57

Proxy's used
For the provincial insurance portfolio, a.s.r. has calculated the insurance-associated emissions in accordance with the above methods.

In addition to the provincial P&C channel, a.s.r. also sells its insurance products through the mandated agents channel. As indicated above, the necessary data is available in the provincial channel so that insurance-related emissions can be calculated in this channel in accordance with the aforementioned PCAF measurement methods. Such data is not (yet) available to a.s.r. in the mandated agents channel. The division over the sectors (in percentages) in the provincial channel has therefore been used as a proxy for determining the share per sector in the mandated agents channel. Other required data, such as the premium, are available to a.s.r. in the mandated agents channel.

The same applies to make/model/fuel/mileage of private passenger cars. As indicated above, the necessary data is available in the provincial channel so that insurance associated emissions can be calculated in this channel in accordance with the earlier mentioned PCAF measurement methods. The data is not (yet) available to a.s.r. in the mandated agents channel. The make/model/fuel/mileage division in the provincial channel has therefore been used as a proxy for determining the share per make/model/fuel/mileage in the mandated agents channel. Other required data, such as the number of passenger cars, are available to a.s.r. in the mandated agents channel.

Data quality
PCAF distinguishes between 5 data quality scores, depending on the availability of data to derive the insurance associated.

The earlier mentioned methodology used to measure the insurance associated emissions in the private passenger car insurance portfolio corresponds with data score quality level 1b of the PCAF standard for insurance associated emissions.

The earlier mentioned methodology used to measure the insurance associated emissions in the commercial insurance portfolio corresponds with data score quality level 5 of the PCAF standard for insurance associated emissions.

Data quality external sources for carbon footprint insurance portfolio

(in %)		2023
	Note	P&C
Score 1		-
Score 2		70
Score 3		-
Score 4		-
Score 5		30
Total		**100**

Impact investments
a.s.r. aims to contribute to sustainable development through impact investments in Asset Management, Real estate and Mortgages. The definition for Impact investments is based on the definition given by the Global Impact Investment Network (GIIN), and is as following:

'Investing with the intention of generating a positive, measurable social and/or environmental impact in addition to a financial return'.

The valuation method for financial amounts, such as totals that are published, are in line with the method applied for the balance sheet in the financial statements, unless specified otherwise.

Asset Management

a.s.r. defines impact investments as the following: 'investments in organisations or governments with the intention of generating a positive impact in addition to positive financial returns on a sustainable future for people and the planet'. When a.s.r. selects these investments (e.g. through listed equity (funds), private equity or private debt), the output side of an organisation (products, services) is considered. The input side (ESG policy, initiatives, risk management, etc.) is considered as standard procedure in the selection process of companies and countries according to the SRI policy.

In order to qualify as an impact investment, different types of investments must meet different type of requirements:

- In general:
  - A company or government must comply with the general SRI policy.
- Impact companies:
  - Depending on which theme within Asset Management, different minimum thresholds are required to come from products or services (with a theory of change) that contribute to the SDGs, as defined in the United Nations Principles for Responsible Investments Market Map or another theory of change approved by the a.s.r. ESG Committee.
- Impact bonds:
  - The bond complies with the Green Bond Principles, Climate Bond Principles or Social Bond Principles, and;
  - The set-up of the bond and/or the use of proceeds has been reviewed by a third party.

Real estate

In 2021, a.s.r. established one new impact theme, which means there are now three real estate themes through which a.s.r. has an impact on society and that a.s.r. reports on:

- Affordable housing;
- Dutch science parks;
- Renewable energy;
- International listed real estate.

Affordable housing

ASR Dutch Core Residential Fund developed an impact investment strategy that focuses on the addition of affordable dwellings to its portfolio. The Fund reports the total assets under management within the affordable rental price range, which is set between € 764 and € 1,350. The bandwidth of the mid segment rental price is revised yearly based on the Dutch '*liberalisatiegrens*' and '*inkomensgrens*', as defined by the Ministry of the Interior and Kingdom Relations. The Impact investment classification for affordable housing is based on the initial rent amount.

Dutch science parks

ASR Dutch Science Park Fund makes a positive societal impact by stimulating science parks in the Netherlands, by investing in real estate for the broad range of functions that are needed for science park ecosystems to thrive. To achieve this goals, the Fund partners with (semi) public entities, e.g. universities and local governments, as well-functioning science park ecosystems require both public and private real estate investments. The Fund aims to invest at least 50% of its portfolio in assets with defined impact characteristics.

If at least 50% of the total investment in an object meets the Impact investment criteria, the total investment is classified as Impact investment. The rationale for this is the characteristics of Science park investments, making the share that does not meet the Impact investment criteria a crucial and integral element of the total investment. Without it, the total investment is not possible and no impact is made.

Renewable energy

ASR Renewables makes Impact investments through acquiring and managing wind farms and a solar farm. Investments in renewable energy are reported via special purpose vehicles (SPVs) and consolidated on the balance sheet of ASR Nederland taking into account PPA, long-term debt, existing obligations, and necessary permits and obligations. These SPVs are potential Impact investments and are reviewed against the GIIN criteria. If an SPV indeed qualifies as Impact investment, the net year-end equity position of the SPV is reported as Impact investment at fair value.

International listed real estate

a.s.r. real estate investment partners makes impact investments through its investments that contribute to the UN SDGs in three ways: affordable housing, green buildings, and health. For each investment, an investment proposal showcases if that investment meets the GIIN requirements for impact investments. If all requirements are met, the investment qualifies and is reported as impact investment.

Mortgages

a.s.r. defines mortgage loans that make a positive contribution to solving one or more problems in the societal (both social and environmental) field as impact investments. And more specifically, where governments and civil society organisations are not sufficiently able to solve certain (persistent) societal issues on their own. The main target is to generate a measurable positive impact on a sustainable future for people and the planet. These investments are visible in (parts of) concrete products and services. Financial return is important, but not the most important. Currently the sustainability mortgage (*Verduurzamingshypotheek*), the Energy Saving Budget (*Energiebespaar Budget*) and the Energy Savings Facilities (*Energiebesparende Voorzieningen*), which can only be used for housing improvements aimed at sustainability, are in line with this definition and are included in a.s.r.'s impact investment figures. Examples of sustainable housing improvements financed through these products include insulation solutions, solar panels and heat pumps. It is noted that the initial mortgage amount for sustainable housing improvements is reported.

8.2 Investor Indicators

Financial indicators

Key figures

	Note	2023	2022 (restated IFRS 17)	2021 (IFRS4)	2020 (IFRS4)	2019 (IFRS4)
Operating result (€ million)	4.1	1,117	805	1,009	885	858
IFRS net result (€ million)	4.1	1,086	-1,709	942	657	972
Operating return on equity (%)	4.1	12.4	10.6	16.3	15.3	15.1
IFRS return on equity (%)		15.4	-31.2	15.3	11.7	19.1
Solvency II ratio (%)	4.1	176	221	196	199	194
Dividend per share (€)	3.4	2.89	2.70	2.42	2.04	1.90
Total dividend (€ million)		610	385	329	282	267
Share buyback (€ million)		-	75	75	75	13
Total equity (€ million)	7.2	9,377	6,177	7,385	6,313	6,093
Total equity attributable to shareholders (€ million)		9,342	615	6,363	5,309	5,089
Premiums and DC volume (€ million)	4.1	8,825	651			
Contractual Service Margin (€ million)		5,168	1,829			
Operating expenses (€ million)	4.1	1,183	702	725	701	656
Combined ratio (Non-life segment) (%)	4.2	93.5	94.4	91.8	93.6	93.5
Credit rating (S&P)	3.4	A	A	A	A	A
Organic capital creation (€ million)	4.1	938	653	594	500	501[1]
Interest coverage ratio IFRS based (%)		8.7	-22.9	13.8	9.5	12.9

Investor community indicators

Shares

(in numbers)	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Authorised capital	325,000,000	325,000,000	325,000,000	350,000,000	350,000,000
Issued share capital	211,326,978	149,827,056	138,057,204	141,000,000	141,000,000
Own shares held by a.s.r.	178,816	1,902,772	2,263,812	3,071,697	251,201
Outstanding shares	211,148,162	147,924,284	135,793,392	137,928,303	140,748,799

1 Restated based on new definition.

Dividend history

(in €)	2023	2022	2021	2020	2019
Dividend (in millions)	610	385	329	282	267
Dividend per share	2.89	2.70	2.42	2.04	1.90

Dividend per share

(in €)	2023	2022	2021	2020	2019
Interim dividend	1.08	0.98	0.82	0.76	0.70
Final dividend	1.81	1.72	1.60	1.28	1.20
Total dividend	**2.89**	**2.70**	**2.42**	**2.04**	**1.90**

Share price performance

(in €)	2023	2022	2021	2020	2019
Starting price as at 1 January	44.35	40.50	32.85	33.36	34.58
Highest closing price	44.92	45.99	40.98	37.66	39.91
Lowest closing price	34.45	34.65	31.92	18.46	30.30
Closing price as at 31 December	42.70	44.35	40.50	32.85	33.36
Market cap as at 31 December (€ million)	9,016	6,560	5,500	4,531	4,695
Average daily volume shares (numbers)	623,604	497,953	463,387	635,603	422,419

Shareholder return

(in %, including dividend reinvested)	2023	2022	2021	2020	2019
Shareholder return including dividend reinvested in a.s.r. shares	3.2	16.3	30.4	5.1	1.8
Euronext AMX Index	2.3	-11.1	18.5	5.0	42.6
Euronext AEX Index	17.2	-11.4	30.5	5.5	28.5
STOXX Europe 600 insurance Index	14.6	6	21.1	-8.9	30.8

Sustainability ratings

Ratings

	Score low	Score high	Note	2023	2022	2021	2020	2019
Dow Jones Sustainability Index[1]	0	100	3.4.4	79 / #8	84 / #10	86 / #8	82 / #10	73
MSCI	CCC	AAA	3.4.4	AA	A	A	BBB	BBB
Sustainalytics ESG Risk Rating	100	0	3.4.4	9.6 / #2	9.1 / #1	10.0 / #1	14.7 / #5	13.6
Carbon Disclosure Project	D-	A	3.4.4	B	B	B	C	B
Moody's ESG (former: Vigeo Eiris)	0	100	3.4.4	62 / #6	65 / #7	61 / #5	60 / #6	NA
ISS Oekom	D-	A+	3.4.4	C+ (prime)	C+ (prime)	C (prime)	C (prime)	C (prime)
FTSE4Good	0	5	3.4.4	5.0	3.9	4.1	4.3	4.9
Bloomberg Gender Equality Index			3.4.4	Included	included	included	NA	NA
Euronext Vigeo Eiris (Eurozone 120)			3.4.4	Included	included	included	included	included
Ethibel Excellence Euro Index			3.4.4	Included	included	included	included	included
Dutch Transparency Benchmark (once every two years)	0	100	3.4.4	80 / #20	NA	79,6 / #17	NA	73 / #21
Fair Insurance Guide (Eerlijke Verzekeringswijzer)			3.4.4	#1	#1	#1	#1	#1
VBDO (once every two years)			3.4.4	#2	NA	#3	NA	#2
VBDO Tax Transparency Benchmark	0	35	3.4.4	31 / #11-14	31 / #5	28 / #6	27 / #4	25 / #10

1 DJSI Europe Index: #6, DJSI World Index: #8

8.3 Materiality analysis and stakeholder dialogue

a.s.r. is in dialogue with stakeholders who influence the organisation both directly and indirectly and who are impacted by the activities of a.s.r. The main stakeholder groups of a.s.r. are summarised in the table at the end of this chapter. This stakeholder dialogues are the basis of the (re)assessment of a.s.r.'s materiality analysis.

Strategic, constructive and proactive consultations with all stakeholders are of great importance to a.s.r. a.s.r. does this by means of roadshows, customer or employee surveys, round table sessions, dialogue sessions and participation in sector initiatives. Members of the Management Board (MB) also regularly engage in dialogue with advisors, shareholders, legislators, politicians and civil society organisations. The purpose of these discussions is to discuss strategic progress, receive feedback on a.s.r.'s contribution to society and discuss developments within the financial sector.

a.s.r. also continuously monitors external trends and developments to determine which topics are most relevant to it and how it can contribute positively to them. Sources used for this purpose include reports by legislative and regulatory bodies, the World Economic Forum and the World Business Council for Sustainable Development. Other sources include scientific research, peer reports and media coverage.

In addition to this continuous stakeholder interaction and trend monitoring, a stakeholder dialogue was held in April 2023. This dialogue was held at a.s.r.'s office in Utrecht and was divided into of two sessions: one for employees, and one for external stakeholders. Members of the MB attended both plenary and breakout sessions to hear stakeholders' views, answer questions and take part in discussions. a.s.r. carefully selected the stakeholders for this dialogue and ensured a good balance between all stakeholder groups. a.s.r. specifically invited stakeholders with a range of knowledge and experience on the three strategic sustainability themes of a.s.r.: i) Sustainable housing and living, ii) Financial self-reliance and inclusion, iii) Vitality and sustainable employability. Participants in the stakeholder dialogue were asked to give their views on these strategic sustainability themes in three separate break-out sessions. Participants were asked three questions:

- What are the most important challenges and barriers relating to the strategic sustainability theme?
- On which issues does a.s.r. need to focus in order to make the biggest impact?
- Which tools and partners are best suited for a.s.r.'s possibilities and ambitions?

The outcomes of the sessions were used as input for a.s.r.'s strategy on these themes. No distinction was made between the opinions of internal stakeholders and those of external stakeholders. The outcomes of the stakeholder dialogue were used by the MB and senior management to evaluate a.s.r.'s integrated strategy, which focuses on long-term value creation for all stakeholders.

Participants were also asked to give their input on the topics most material to a.s.r.'s strategy and reporting. This was done with the help of a survey that stakeholders filled in after the dialogue sessions. The results will be used to determine the material themes for the 2024 Annual Report in line with the new reporting legislation the 'Corporate Sustainability Reporting Directive'.

A new stakeholder policy, that aims to include the interests of relevant stakeholders when defining and further developing the sustainability strategy, was established in 2023. Effective consultation with, and engagement with, a.s.r.'s stakeholders is important in this process, where a.s.r. strives to serve their interests to the best of its ability and build lasting relationships with them. This policy provides guidelines and principles to maintain and strengthen these relationships.

Cooperation with stakeholders

a.s.r. works together with peers, social organisations and government agencies to jointly develop policies on sustainability issues and to promote the thorough implementation of such policies. This cooperation will even be stronger following the business combination with Aegon NL.

a.s.r. is an active member of sector initiatives such as, DNB's Platform for Sustainable Finance, the Energy Efficient Mortgages Hub Netherlands, creditor s' coalition, the Platform Living Wage Financials and the Partnership for Carbon Accounting Financials (PCAF). To spread knowledge and inspire others, a.s.r. actively presents its sustainability approach and sustainability activities in a wide range of events, such as various seminars and meetings organised by parties such consultancy firms, the Dutch Association of Insurers, Volmacht 360, the Dutch Fund and Asset Management Association and *Zorgverzekeraars Nederland*.

Materiality analysis and stakeholder dialogue

Stakeholder group	Type of interaction	Frequency
Customers	• Telephone and email support • Surveys (e.g. NPS) • Webinars • Social media • Stakeholder dialogue	Daily
Advisors	• Telephone and email support • Surveys (e.g. NPS) • Webinars • Social media • Stakeholder dialogue	Daily
Employees	• Via telephone, email and Teams • Performance appraisals • Works Council • Social media • SAM(intranet) • Staff meetings • Employee panel • Information and inspiration sessions • Stakeholder dialogue	Daily
Prospects (consumers and companies)	• Social media • Commercials • Contract webpage	Daily
Financial market players: shareholders, analysts, banks and rating agency S&P	• Meetings with team Investor Relations and Board members • Conference calls with analysts and (potential) investors • Webinars • Road shows • Corporate presentations • Stakeholder dialogue	Almost daily
Peers and Business partners	• Meetings • Telephone and email • Stakeholder dialogue	Regularly
Regulators and tax authorities	• Meetings with Board members and departments Compliance and Tax • Telephone and email • Stakeholder dialogue	Regularly
Government	• Meetings with Board members, senior management and team Public Affairs • Telephone and email • Stakeholder dialogue	Regularly
Suppliers	• Consultation at strategic (2-4 times per year), tactical (monthly) and operational (daily) level • Stakeholder dialogue	Regularly

Stakeholder group	Type of interaction	Frequency
Media	• Meetings • Telephone and email • Stakeholder dialogue	Almost daily
Trade unions	• Meetings • Telephone and email • Stakeholder dialogue	Quarterly
Social partners and organisations	• Meetings • Telephone and email • Stakeholder dialogue	Regularly

8.4 Provisions of the Articles of Association regarding profit appropriation

Articles 35, 36 and 37 of the Articles of Association:

Distributions – General
Article 35

35.1 A distribution can only be made to the extent that the Company's equity exceeds the Non-Distributable Equity

35.2 The Executive Board (EB) may resolve to make interim distributions, provided that it appears from interim accounts to be prepared in accordance with Section 2:105(4) of the Dutch Civil Code that the requirement referred to in Article 35.1 has been met and, if it concerns an interim distribution of profits, taking into account the order of priority described in Article 37.1.

35.3 Subject to Article 19.10, the EB may adopt, and amend from time to time, a dividend and reservation policy for the Company. Amendments to such a policy shall be discussed in the General Meeting.

35.4 The preferred shares do not carry any entitlement to distributions other than as described in Articles 12.2, 37.1 and 38.3.

35.5 Distributions on ordinary shares shall be made in proportion to the aggregate nominal value of those ordinary shares. Distributions on preferred shares (or to the former holders of preferred shares) shall be paid in proportion to the amounts paid up (or formerly paid up) on those preferred shares.

35.6 The parties entitled to a distribution shall be the relevant shareholders, usufructuaries and pledgees, as the case may be, at a date to be determined by the EB for that purpose. This date shall not be earlier than the date on which the distribution was announced.

35.7 The General Meeting may resolve, subject to Article 31.1, that all or part of such a distribution, instead of being made in cash, shall be made in the form of shares in the Company's capital or in the form of the Company's assets.

35.8 A distribution shall be payable no later than thirty days after the date on which such distribution was declared, unless the EB sets a different date. If it concerns a distribution in cash, such distribution shall be payable in such currency as determined by the EB.

35.9 A claim for payment of a distribution shall lapse after five years have expired after the distribution was declared.

35.10 For the purpose of calculating any distribution, shares held by the Company in its own capital shall not be taken into account. No distribution shall be made to the Company in respect of shares held by it.

Distributions – Reserves
Article 36

36.1 All reserves maintained by the Company shall be attached exclusively to the ordinary shares. The Company shall not attach any reserve to the preferred shares.

36.2 Subject to Article 31.1, the General Meeting is authorised to resolve to make a distribution from the Company's reserves.

36.3 Without prejudice to Articles 36.4 and 37.2, distributions from a reserve shall be made exclusively to the holders of ordinary shares.

36.4 The EB may resolve to charge amounts to be paid up on any class of shares against the Company's reserves, irrespective of whether those shares are issued to existing shareholders.

Distributions – Profits
Article 37

37.1 Subject to Article 35.1, the profits shown in the Company's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:

a. To the extent that any preferred shares have been cancelled without the payment described in Article 12.2 paragraph b. having been made in full on those preferred shares and without any such deficit subsequently having been paid in full as described in this Article 37.1 or Article 37.2, any such deficit shall be paid to those who held those preferred shares immediately before such cancellation became effective;
b. To the extent that any Preferred Distribution (or part thereof) in relation to previous financial years has not yet

been paid in full as described in this Article 37.1 or Article 37.2, any such deficit shall be paid on the preferred shares;

a. The Preferred Distribution shall be paid on the preferred shares in respect of the financial year to which the annual accounts pertain;
b. Subject to Article 19.10, the EB shall determine which part of the remaining profits shall be added to the Company’s reserves; and
c. Any remaining profits shall be at the disposal of the General Meeting for distribution to the holders of ordinary shares.

37.2 To the extent that the distributions described in Article 37.1 paragraphs a. through c. (or any part thereof) cannot be paid out of the profits shown in the annual accounts, the deficit shall be paid out of the Company’s reserves, subject to Articles 35.1 and 35.2.

37.3 Without prejudice to Article 35.1, a distribution of profits shall be made only after the adoption of the annual accounts that show that such distribution is allowed.

8.5 Stichting Continuïteit ASR Nederland

For information purposes only
Stichting Continuïteit ASR Nederland (the Foundation) was established on 26 May 2016. The Foundation has been established under Dutch law. Its objectives are to promote and protect the interests of a.s.r., its business and its stakeholders, and to counter possible influences that might threaten the continuity, independence, strategy and/or identity of a.s.r. or its business to such an extent that these could be considered contrary to the aforementioned interests.

a.s.r. has granted a call option to the Foundation under an agreement dated 27 May 2016; this agreement outlines the conditions under which the call option can be exercised. The call option is a continuous and repeatedly exercisable right, pursuant to which the Foundation is entitled to subscribe for preference shares, up to the lower of (a) the total number of shares that form a.s.r.'s issued capital at the time when the call option is exercised, less the number of preference shares already held by the Foundation at that time (if any) and less one, or (b) the maximum number of preference shares that may be issued under the authorised share capital as shown by the Articles of Association of a.s.r. at the time when the call option is exercised. The Foundation has the right to exercise the call option at any time, either fully or in part. The exercise price for preference shares issuable under the call option is equal to 25% of the nominal amount of those preference shares.

The call option is continuous in nature and can be exercised repeatedly and on more than one occasion, each time that the Foundation considers, or reasonably expects, there to be an act that is, in the opinion of the Foundation, materially contrary to the interests of a.s.r., its business or its stakeholders, which may include the following (to the extent materially contrary to the aforementioned interests), (i) the announcement of a public offer for shares in the capital of a.s.r., or the legitimate expectation that such a public offer will be announced, without agreement on the offer having been reached with a.s.r. or the offer being supported by a.s.r., and (ii) an activist shareholder (or group of activist shareholders acting in concert) in a.s.r. directly or indirectly representing at least 25% of the ordinary shares forming part of a.s.r.'s issued share capital.

Ultimately after the Foundation has held preference shares for a period of 20 months (or for such longer period as the Foundation deems appropriate given the facts and circumstances at hand), the Foundation may request, by means of a notice to that effect, that a.s.r. considers submitting, as soon as practicable, a proposal to the General Meeting for a resolution to cancel all preference shares. a.s.r. is free to propose such a resolution without this being requested by the Foundation if non-cancellation of the preference shares in a timely manner were to result in the Foundation being required to make a mandatory public offer in respect of a.s.r. In addition, if and when a.s.r. has issued preference shares to the Foundation, a.s.r. will convene a General Meeting, to be held within 20 months following such issuance, for the purpose of adopting a resolution on the cancellation of all such preference shares.

The Foundation has not exercised the call option and did not acquire any preference shares during the year under review.

The Foundation has an independent board. The membership of the Board of the Foundation is as follows:

- Mr H.J. Hazewinkel (chair);
- Mr A.A.M. Deterink;
- Ms M.E. Groothuis;
- Mr. J.W. Winter as per 1 July 2023.

With effect from 1 January 2024, Mr H.J. Hazewinkel stepped down from the board and Mr J. Winter became chair.

The Board of the Foundation had two meetings in 2023, of which one was an online call. The matters discussed included the Business Combination with Aegon NL, the full-year 2022 results of a.s.r., the execution of a.s.r.'s strategy, the financing of a.s.r. and other developments in the markets in which a.s.r. operates and the general course of affairs at a.s.r. At these meetings, a representative of the EB of a.s.r. provided the Board of the Foundation with information on the developments within a.s.r. and the relationship with its stakeholders. The Board of the Foundation also monitored the developments of a.s.r. outside of its Board meetings, for instance through occasional contacts with the EB and the receipt of press releases issued by a.s.r.

The Foundation is an independent legal entity for the purpose of Section 5:71(1)(c) of the Dutch Financial Markets Supervision Act.

Utrecht, the Netherlands, 2 April 2024

Stichting Continuïteit ASR Nederland
Mr J.W. Winter (Chair)
Mr A.A.M. Deterink
Ms M.E. Groothuis

8.6 Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of ASR Nederland N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of ASR Nederland N.V. ('the Group' or 'ASR Nederland N.V.') as at 31 December 2023 and of its result and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2023 of ASR Nederland N.V. based in Utrecht. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated balance sheet as at 31 December 2023;
2. the following consolidated statements for 2023: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3. the notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as 31 December 2023;
2. the company income statement for 2023; and
3. 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 ASR Nederland N.V. in accordance with 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 designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, climate-related risks and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Summary

Materiality
Materiality of EUR 120 million, based on total equity (approx. 1.3%)

Group audit
Audit coverage of:
- 99% of total assets
- 99% of total equity
- 93% of result before tax

Risk of material misstatements related to Fraud, NOCLAR, Going concern and Climate-related risks
Fraud risks: presumed risk of management override of controls and presumed risk of fraudulent revenue recognition identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'
Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified
Going concern risks: no going concern risks identified
Climate-related risks: We have considered the impact of climate-related risks on the financial statements and described our approach and observations in the section 'Audit response to climate-related risks'

Key audit matters

- Acquisition accounting for Aegon Nederland N.V.
- Adoption of IFRS 17 insurance contracts
- Valuation of insurance contract liabilities and related assets
- Valuation of hard-to-value assets
- Unit-linked exposure
- Solvency II disclosure

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 120 million (2022: EUR 40 million). The materiality is determined with reference to total equity and amounts to approximately 1.3%.

The amount of the materiality significantly changed compared to last year, mainly as a result of the increase of the size of the Group due to the acquisition of Aegon Nederland N.V., as well as the adoption of IFRS 17 *Insurance contracts* and IFRS 9 *Financial Instruments*, whereby both the insurance contract liabilities and investments are measured at fair value.

In 2022 we determined our materiality based on 4% of the average result before tax over the past three years. We believe that, following the adoption of IFRS 17 and IFRS 9, total equity became a more relevant metric. Result before tax became a less relevant metric due to the significant increase in volatility of result before tax resulting from the adoption of IFRS 17 and IFRS 9. Total equity is a key metric as it is important for the dividend paying potential of the Group and it is closely linked to the solvency of the group.

We therefore consider total equity as the most appropriate benchmark based on our assessment of the general information needs of users of the financial statements of listed financial institutions that are predominantly active in the insurance business.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit & Risk Committee of the Supervisory Board that misstatements identified during our audit in excess of EUR 5 million would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

ASR Nederland N.V. is a Dutch company at the head of a group of components. The financial information of this group is included in the (consolidated) financial statements of ASR Nederland N.V.

The Group is structured along six operating segments: Non-life, Life, Asset Management, Banking, Distribution and Services and lastly Holding and Other, some of which comprising of multiple legal entities.

Because we are ultimately responsible for the audit opinion, we are responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out by component auditors.

Our group audit mainly focused on significant components. These significant components are either individually financially significant due to their relative size within the Group or because we have assigned a significant risk of material misstatement to one or more account balances of the component. In addition, we included certain components in the scope of our group audit in order to arrive at a sufficient coverage over all relevant significant account balances.

We sent audit instructions to all component auditors, covering significant areas including the relevant risks of material misstatements and set out the information required to be reported to the group audit team. The components in scope for group reporting purposes related to the former ASR Nederland N.V. group are audited by KPMG. For the former Aegon Nederland N.V. entities we make use of other (non-KPMG) auditors.

Following the acquisition of Aegon Nederland as per 4 July 2023, we included Aegon Levensverzekering N.V. ('Aegon Leven'), Aegon Spaarkas N.V. ('Aegon Spaarkas'), Aegon Bank N.V. ('Aegon Bank') and Aegon Hypotheken B.V. ('Aegon Mortgages') in scope of our group audit. Aegon Schadeverzekering N.V. ('Aegon Schade') has been legally merged with ASR Schadeverzekering N.V. ('ASR Schade') and the audit of Aegon Schade is therefore part of the ASR Schade's component audit. As group auditor, we have satisfied ourselves that the audits performed by component auditors are meeting the requirements set out in the audit instructions that we have sent out. Our procedures include regular communication about the assessment of risk and audit response thereto, the discussion of audit observations and reporting by component auditors and the review of the audit files to ensure these are consistent with these instructions and support the audit opinions on the components' group reporting packages that we relied upon in the completion of the group audit.

For all components in the scope of the group audit, we held video calls and/or physical meetings with the auditors of the components. During these calls/meetings, the planning, risk assessment, procedures performed, findings and observations reported to the group auditor were discussed in more detail and any additional work deemed necessary by the group audit team was then performed. As originally planned for these components, we performed file reviews.

The group audit team has set component materiality levels, which ranged from EUR 18 million to EUR 96 million, based on the mix of size and risk profile of the components within the Group.

The consolidation of the Group, the disclosures in the financial statements and certain centralized processes and accounting matters are audited by the group audit team. The centralized processes and accounting matters on which the group audit team performed audit procedures include, but are not limited to, assessment of the use of the going concern assumption, acquired and divested companies and businesses, the goodwill impairment test, equity, employee benefits, operating expenses, other expenses, certain elements of the risk and capital management disclosures, corporate income tax for the fiscal unity and legal proceedings.

For the residual population not in scope, we performed analytical procedures in order to corroborate that our

scoping remained appropriate throughout the audit. Performing the procedures mentioned above at group components, together with additional procedures at group level, enabled us to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

	Audit of the complete reporting package	Audit of specific items	Additional procedures performed at group level
Total assets	98%	1%	1%
Total equity	99%	-	1%
Result before tax	93%	-	7%

Audit response to the risk of fraud and non-compliance with laws and regulations

In paragraphs 3.5, 3.6, 3.7 and 7.8.1.2 of the annual report, the Executive Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations, and the Supervisory Board reflects on this in chapter 5.2.

As part of our audit, we have gained insights into ASR Nederland N.V. and its business environment, and assessed the design and implementation and, where considered appropriate, tested the operating effectiveness of the Group's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Group's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the Management Board and the Audit & Risk Committee of the Supervisory Board and other relevant functions, such as Internal Audit, Legal, Group Compliance, Group Risk Management and business line CFRO's.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Financial Supervision Act ('Wet op het financieel toezicht' (Wft)) (including the implementation of the Solvency II directive);
- regulation related to financial and economic crime (FEC), including Wwft.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards in respect of management override of controls and revenue recognition.

We have responded as follows:

Management override of controls (a presumed fraud risk)

- **Risk:**
  - Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively, such as in the areas of: accounting estimates that require significant judgement such as valuation of insurance contract liabilities and assets, solvency II disclosures, and the valuation of hard-to-value assets.
- **Responses:**
  - We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks, such as processes related to journal entries and estimates. Where we considered whether there would be an opportunity for fraud, we performed supplemental detailed risk-based testing.
  - We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by ASR Nederland N.V., including retrospective reviews of prior years' estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions against source information.
  - We incorporated elements of unpredictability in our audit, for example, vary the timing of audit procedures including testing of controls: incremental testing and confirmations on balances as part of the work for the purchase price allocation.

We refer to the key audit matters that provide information of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

Revenue recognition (a presumed risk)

- **Risk and response**

Revenue from insurance contracts is generally recognized over time as the insurer provides coverage to the policyholder. Revenue stemming from contracts accounted under the General Measurement Model (GMM) approach and Variable Fee Approach are to a large extent determined by the key assumptions used for the measurement of the related insurance contract liabilities.

There is a presumed management incentive to overstate the insurance contract revenue. The company recognises insurance revenue what reflect the reduction in the liability for remaining coverage that relates to services provided in the period.

Based on the aforementioned we concluded that the presumed fraud risk on revenue recognition is linked to the key audit matter "Valuation of insurance liabilities" and in particular related to the valuation of the insurance contract liabilities for life and disability insurance contracts applying the GMM and/or VFA.

We communicated our risk assessment, audit responses and results to the Executive Board and the Audit & Risk Committee of the Supervisory Board. Our audit procedures did not reveal indications and/or reasonable suspicions of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

As explained in chapter 7.1.1. of the annual report, the Executive Board has performed its going concern assessment and has not identified any significant going concern risks. To assess the Executives Board's assessment, we have performed, inter alia, the following procedures:

- We considered the Executive Board's assessment of the going concern risks, including all relevant information of which we are aware as a result of our audit.
- We assessed whether the scenarios included in the Own Risk Solvency Assessment (ORSA) and Preparatory Crisis Plan that were submitted to DNB and other regulatory correspondence indicate a significant going concern risk. In the ORSA scenario's the Aegon's business is included.
- We analysed the Group's financial position and Solvency II ratio as at year-end and compared it to internal minimum capital requirements as set by the Executive Board, the previous financial year and sensitivities of the regulatory capital position to identify potential significant going concern risks.
- We evaluated whether the Executive Board's assessment of going concern, including the Solvency II ratio and sensitivities of the regulatory capital position, is adequately disclosed in the risk management paragraph 7.8. of the financial statements.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to climate-related risks

The Executive Board is responsible for preparing the financial statements in accordance with the applicable financial reporting framework, including considering whether the implications from climate-related risks and commitments have been appropriately accounted for and disclosed.

ASR Nederland N.V. has made an extensive analysis and has set out its commitments and ambitions relating to climate change in the annual report in paragraph 6.2.1. 'Climate change' as included in paragraph 2.6.2. 'Material topics', this includes the commitments to:

- reduce the carbon footprint of the investment portfolios for own account by 65% in 2030 compared to 2015;
- ensure that the insurance portfolio is climate neutral by 2050 starting with an absolute reduction of 26% in the non-life insurance portfolio by 2030 compared to 2022; and
- reduce the carbon footprint of ASR's head office in Utrecht by 50% in 2025 compared to 2018 and to become net-zero by 2050.

Climate change is considered a risk for ASR Nederland N.V. to which the company is exposed on both sides of the balance sheet: through the valuation of investments on the asset side and insurance exposure on the liability side.

Paragraph 6.2.1. of the annual report 'Climate change' provides an overview of ASR Nederland N.V.'s approach to identify and assess climate-related risks. Climate-related risks are also covered in note 7.8.1.3. 'Climate change' of the financial statements. The Executive Board described the climate-related risks and conclude that climate-related risks have limited impact on the accounts and its disclosures.

As part of our audit, we have performed a risk assessment of the potential impact of climate-related risk and the commitments/ambitions made by the company in respect of climate change on the 2023 accounts and disclosures, including significant judgements and estimates in the financial statements to determine whether the financial statements are free from material misstatement.

In doing this we performed the following:

- We have made inquiries of the Management Board and Risk Management personnel from both the first and second line of defence to understand the extent of the potential impact of climate-related risk on the financial reporting and the impact on the material individual assets, liabilities and/or disclosures in the financial statements.
- We have evaluated climate-related fraud risk factors and we considered the potential pressure to achieve targets tied to climate change or sustainability metrics. This did not result in a fraud risk.
- We inspected minutes and other documentation (such as the Strategic Asset Allocation study and the Own Risk and Solvency Assessment (ORSA) as well as external communications by ASR Nederland N.V. regarding significant climate-related commitments, strategies and plans made by the Management Board.
- In performing our procedures we involved our own climate risk experts to challenge our risk assessment.

Based on the procedures performed, we consider that climate-related risk has no material impact on the 2023 financial statements under the requirements of the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code and no material impact on our key audit matters.

We audited note 7.8.1.3. and note 7.8.7.1. of the financial statements and assess the climate-related risk disclosures as adequate.

Furthermore, we have read the disclosure of climate-related risk information in the annual report and considered whether such information contains material inconsistencies with the financial statements, or our knowledge obtained through our audit, in particular as described above and our knowledge obtained otherwise.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Executive Board and the Audit & Risk Committee of the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

The 2023 reporting year is significantly impacted by the adoption of IFRS 17 *Insurance contracts*, the adoption of IFRS 9 *Financial instruments* and by the acquisition of Aegon Nederland N.V.

Consequently, we have revised and updated our audit approach for these key matters. The audit of the valuation of insurance contract liabilities and related assets led to a revised key audit matter: 'Valuation of insurance contract liabilities and related assets'. Given the complexity of IFRS 17 and the significant effort and management judgement required to implement the new standard, we also included the 'Adoption of IFRS 17' as a key audit matter. Additionally, the IFRS 9 *Financial instruments* is applied for the first time this financial year. Management explains in note 7.3.1.3. of the financial statements that the impact of IFRS 9 is relates to the remeasurement of investments in mortgage loans from amortised cost to fair value. The audit response is captured in the key audit matter 'Valuation of hard-to-value assets' and therefore we have not identified a separate key audit matter for the adoption of IFRS 9.

After the acquisition of Aegon Nederland N.V., management has established an acquisition balance sheet of Aegon Nederland in accordance with IFRS 3 *Business combinations*. This balance sheet is based on fair value and management judgement is required. Our audit response is included in the key audit matter 'Acquisition accounting for Aegon Nederland N.V.'

Acquisition accounting for Aegon Nederland N.V.

Description

The acquisition of Aegon Nederland N.V. is considered a significant unusual transaction due to its size and complexity and involves various business activities that are allocated to Cash Generating Units (CGUs) and various intangible assets. The accounting for this acquisition involves significant management judgements that require special audit consideration because of the likelihood and potential magnitude of misstatements relating to the purchase price allocation (PPA).

In addition, the identification and measurement of intangible assets and the preparation of the fair value estimate for the measurement of the assets acquired (in particular level 3 investments), liabilities assumed and/or consideration transferred (in particular the insurance liabilities) involves significant judgements.

Given the financial significance, the complexity and judgement that is required, we considered the valuation and accounting for the acquisition of Aegon Nederland N.V. as a key audit matter.

Our response

With the assistance of our valuation and actuarial specialists, we performed the following procedures:

- prior to the acquisition and thereafter, we performed specific procedures such as inquiries with the management, those charged with governance and with the Dutch Central Bank to obtain an understanding of the business purpose of the transaction and the regulatory perspective on the transaction, including the approval thereof;
- assessing the governance, processes and design and implementation of internal controls with respect to the valuation and accounting for the acquisition;
- assessing the acquisition date criteria of the business acquisition by inspecting the approvals from the regulators and shareholders and by inspecting the legal transaction documentation;
- assessing the identification of the assets acquired and the liabilities assumed;
- evaluating the relevance and appropriateness of the applied methodology (valuation approach) in determining the fair value of the acquired intangible assets and the Business Equity Value (BEV);
- performing an assessment of the appropriateness of the methodology and assumptions used in the fair value measurement of the assets acquired and (insurance contract) liabilities assumed;
- assessing the appropriateness of the assumptions applied in the recognition and valuation of the identified intangibles;
- evaluating the methodological and arithmetic accuracy of the PPA model, including BEV analysis;
- evaluating the consideration transferred and assessing the badwill recognised resulting from the transaction, based on the underlying transaction documentation and payment details;
- evaluation of the acquisition disclosure in note 7.4.5. of the financial statements. This includes verifying that the disclosure related to the legal merger between ASR Nederland N.V. and Aegon Nederland N.V. per 1 October 2023. We generally performed substantive audit procedures to determine that the accounting is supported by underlying source documentation.

Our observation

Overall, we found management's estimate of the fair value of the assets (including identified intangibles) and liabilities (including insurance contract liabilities) as part of the acquisition accounting acceptable. We also found the related disclosures to be adequate. We refer to note 7.3.4.H. and note 7.4.5. of the financial statements.

Adoption of IFRS 17 Insurance contracts

Description

IFRS 17 'Insurance Contracts' was implemented by ASR Nederland N.V. on 1 January 2023. The new IFRS 17 standard requires insurance contract liabilities to be measured by applying a model that estimates the present value of future best estimate cash flows that will arise as these contracts are fulfilled, which includes an explicit risk adjustment and a contractual service margin reflecting unearned profits. This involves significant judgement and estimates and resulted a significant decrease in equity as of 1 January 2022 (transition date).

ASR Nederland N.V. has disclosed the impact of these new standards in accordance with IFRS 17 in note 7.3.1.3.

We determined the initial adoption of IFRS 17 and related disclosures in the 2023 financial statements to be a key audit matter, because of the significance and complexity of the changes introduced by the new standard, including the number of accounting policy choices and new estimates that require significant judgement from management, such as the recognition of the Contractual Service Margin ('CSM').

Our response

With the assistance of our valuation and actuarial specialists, we performed the following procedures:

- We assessed whether the judgements applied by management in determining their accounting policies are in accordance with IFRS 17 and challenged significant new accounting policies, choices and assumptions made against the requirements of the standard.
- We assessed the appropriateness of management's selection and application of the transition approaches for each group of insurance contracts to determine the transitional adjustments.
- We assessed the applied fair value approach for ASR Nederland N.V. at transition date.
  In determining the transitional adjustments, we assessed, together with our actuarial specialists, key assumptions in the fair value of contractual cash flows, in particular the cost of capital rate used for the measurement of the risk adjustment and the applied discount curve.
- Where a fair value approach is applied, we challenged the assumption input into the valuation model applied and, where possible, the comparison towards market-observable transactions.
- We assessed the selection of the General Measurement Models and Variable Fee Approach Measurement Models and the application thereof for the groups of contracts identified.
- We involved our actuarial specialists to evaluate the appropriateness of new methodologies and models including estimates and discounting of the IFRS 17 fulfilment cash flows, risk adjustment and CSM. This included consideration of the reasonableness of assumptions and judgements applied, including whether or not there was any indication of intentional management bias.
- We compared the outcome of the insurance contract liability measurement under IFRS 17 with the best estimate liability and risk margin under Solvency II, using management's analysis, and we assessed differences against our expectations for differences in measurement principles and assumptions.
- We performed substantive testing procedures on key reconciliations in the process from source data to financial reporting and performed specific procedures on management's analysis that covered the comparison between IFRS 4 and IFRS 17 for the transition balance sheet.
- We assessed the appropriateness of quantitative and qualitative transitional disclosures included in note 7.3.1.1. and 7.3.1.3 in the financial statements against the requirements of the IFRS 17 standard.

Our observation

We consider the transitional impact from the adoption of IFRS 17 *Insurance contracts* at transition date and related disclosures to be appropriate. We refer to notes 7.3.1.1. and 7.3.1.3. of the financial statements.

Valuation of insurance contract liabilities and related assets

Description

ASR Nederland N.V. has insurance contract liabilities (hereafter: 'insurance liabilities') amounting to EUR 98.8 billion as at 31 December 2023 representing 70% of its total liabilities.

The valuation of insurance liabilities and related assets involves the use of cash flow models and valuation methodologies and requires significant management judgement over uncertain outcomes, mainly ultimate settlement value of long-term liabilities.

Elements that give rise to a significant risk of error are the use of incorrect application and selection of models, the selection of assumptions in estimating the fulfilment cash flows under the General Measurement Model (GMM) and Variable Fee Approach (VFA). Key assumptions for the valuation of life insurance contracts relate to expenses (especially in relation to the anticipated cost savings) and the discount curve. For disability contracts key assumptions relate to recoverability rates and the discount curve.

As referred to in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations' in this audit opinion, we have included the risk of fraud that management may influence assumptions to manage the outcome of calculations and measurements. The expectation of when claims will incur is reflected in the release from the liabilities from remaining coverage for expected claims and expenses. This release is the basis for the revenue recognition. We consider the most critical assumptions in this regard the expense assumption for life insurance contracts and the recoverability rate assumption for disability contracts.

Given the financial significance, the level of judgement required and the inherent risk of fraud we considered the valuation of insurance contract liabilities for life and disability insurance contracts applying the GMM and VFA, a key audit matter.

Our response

Our audit approach included testing the design and implementation of internal controls around the valuation of the insurance liabilities, as well as substantive audit procedures.

Our procedures over internal controls focused on controls around the relevance and reliability of data, the controls around assumption setting and the internal review procedures performed by the actuarial functions of the underlying insurance businesses. We also assessed the process for the internal validation and implementation of models used for the valuation of the insurance liabilities.

With the assistance of our actuarial specialists, the substantive audit procedures we performed included:

- assessment of the appropriateness of the data, assumptions and methodologies applied in the valuation of the insurance liabilities for all significant components. We performed specific procedures on the new models applied whereby we have assessed the model documentation, user acceptance tests performed by the first line and the model validation performed by the second line;

- assessment of the appropriateness of assumptions used in the valuation of the insurance liabilities contracts for all significant components by reference to company data as well as relevant market and industry data. We performed specific procedures in response to the impact of the Aegon integration on the expense assumptions and of the disability developments on the recoverability assumptions;
- for life insurance contracts, we performed specific procedures in response to the appropriateness of management's estimate of the expense cash flows, assessing the main assumptions underlying the expected wage costs development, inflation assumptions, future cost savings and cost synergies resulting from the Aegon integration, and the appropriateness of the allocation keys used to allocate holding expenses to the insurance entities and determine the cost per policy;
- for disability contracts, we performed specific procedures regarding the appropriateness of the recoverability rates assumption and assessed that this is in line with historical data and expected developments;
- assessment and testing of the appropriateness of the discount curve and challenge on the methodology used to determine the discount curve, including management's assessment of the selection of the first smoothing point and the liability illiquidity premium. We assessed that the liability illiquidity premium is derived from ASR Nederland N.V.'s current asset portfolio using a top-down approach, which includes an adjustment for expected credit loss;
- analysis of developments in actuarial results (which includes retrospective review by comparing the expected claims and expenses with the incurred claims and expenses) and movements in the insurance liabilities, the risk adjustment, CSM for each of the significant components and made corroborative inquiries with management and the second line actuarial department;
- assessment of the completeness, accuracy and relevance of the required disclosures, including disclosures on assumptions about the future and estimation uncertainty. In particular related to the uncertainty associated to the integration of the Aegon business.

Our observation
Overall, we found management's assumptions reasonable and the valuation of the insurance liabilities using the General Measurement Model Approach and Variable Fee Approach to be appropriate.

We also found the notes on the insurance contract liabilities and related assets in note 7.3.4.A 7.15.13 and 7.15.14 to be adequate. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud that are considered material to our audit.

Valuation of hard-to-value assets

Description
ASR Nederland N.V. invests in various categories of investments. These consist of financial assets and liabilities measured at fair value as disclosed in note 7.7.1.1 and property as disclosed in note 7.7.1.3. (including land and buildings for own use and plant).

Additionally, the fair value of investments not carried at fair value is separately disclosed in note 6.7.1.2. With the introduction of IFRS 9, the majority of the financial assets and liabilities are carried at fair value in the balance sheet, except for the mortgage loans and saving deposits held at Aegon Bank N.V. as these are carried at amortised costs.

33% (2022: 32%) of the fair value of the investments are classified as Level 3 investments (fair value not based on observable market data).

Fair value measurement, especially the valuation of less liquid Level 3 assets, can be subjective and involves management judgement in relation to valuation techniques and assumptions. For these illiquid investments, estimation uncertainty can be high, especially due to inflation and interest movements. This is mainly applicable to:

- property investments;
- real estate equity funds;
- mortgage equity funds;
- mortgage and private loans;
- wind and solar farms (which is accounted under property, plant and equipment).

Given the financial significance and the increased level of judgement required, we considered the valuation of hard-to-value assets a key audit matter.

Our response
With the assistance of our valuation specialists, we performed the following procedures:

- assessment of ASR Nederland N.V.'s governance, processes and design and implementation of internal controls with respect to the valuation of hard to value assets;
- inspection of documentation and held discussions with management's internal and external experts regarding their judgements and resulting valuations in relation to real estate;
- we performed substantive audit procedures on selected high-risk property investments.
  This selection is based on the relative size of the objects within their respective asset class and the development of the fair value during the year and was aimed at an appropriate spread over regions and appraisers specifically for the rural investments. We discussed and challenged the assumptions and models used by the external appraisers. We tested their used discount rates and gross investment yields against available market data and object specific underlying data such as (market) rent levels, occupancy rates and contract renewals;
- we discussed and challenged the assumptions (e.g. energy prices and discount rate) and models used by management. We tested the assumptions against available market data; we challenged management's valuation of the plants by reviewing the documentation provided by them and we have compared the valuations with available external market data;

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- we challenged management's valuation of real estate equity funds and mortgage equity funds by reviewing the documentation provided by the external fund managers and we compared the movements in valuations with available external market data;
- assessment of valuation models used and the (internal) validation thereof, for the determination of the fair value of the mortgage loans. We performed audit procedures on the fair value of the mortgage loans and tested the source data and determined an acceptable fair value range for the mortgage loans;
- we carried out a retrospective review of prior-year estimates, e.g. by reconciliation of valuations to financial statements of investments or comparison to sales results;
- assessing of the adequacy of the disclosures. This includes notes 7.7.1.1, 7.7.1.2 and 7.7.1.3 on fair value measurement and the market risk disclosure in note 7.8.3 as this note includes sensitivity analysis on the valuation uncertainties that exist on 31 December 2023.

Our observation
We found management's assumptions for the valuation of hard-to-value assets reasonable and the valuation acceptable. We also found the fair value and property disclosures to be adequate.

Unit-linked exposure

Description
Holders of unit-linked products sold in the Netherlands, or consumer protection organizations on their behalf, have filed claims or initiated legal proceedings against ASR Nederland N.V. and the former Aegon Nederland N.V. entities and may continue to do so. A negative outcome of such claims and proceedings, settlements or any other actions to the benefit of the customers by other insurers or sector-wide measures, may affect the (legal) position of ASR Nederland N.V. and could result in substantial financial losses relating to the compensation.

On 29 November 2023, ASR Nederland N.V. and five consumer protection organization agreed on a settlement of approximately EUR 250 million to be paid to the holders of unit-linked products. All legal proceedings will be discontinued and no new legal proceedings may be initiated by the consumer protection organisations. The agreement will become final once 90% of the affiliated customers agree to the settlement. ASR Nederland N.V. expects this process will be finalised in 2024. A leniency scheme has been set-up for customers unaffiliated with one of the consumer protection organisations who have not previously received compensation. The total additional provision for the leniency scheme amounts to EUR 90 million of which EUR 37 million was already recognized in the insurance contract liabilities as the remaining portion of previous agreements. We refer to the note 7.5.16. Provisions.

Due to the potential significance and the management judgement that is required to assess the developments with respect to the unit-linked exposure and the accounting treatment thereof, we considered this a key audit matter.

Our response
Our audit procedures primarily consisted of the following:

- assessment of ASR Nederland N.V.'s governance, processes and design and implementation of internal controls with respect to the unit-linked exposure;
- inspection and assessment of supporting legal and complaints documentation and inquiries about the unit-linked exposures with management and head of legal;
- this assessment took into account the court decision dated 26 September 2023 of the Court of Appeal in The Hague in the collective proceedings initiated by Vereniging Woekerpolis.nl against Aegon Levensverzekering N.V. and Aegon Spaarkas N.V. and the outcome of unit-linked court activities of other insurers in The Netherlands during the year up to the date of the opinion;
- inspection and assessment of the settlement agreement with the consumer protection organisation dated 29 November 2023 and gaining an understanding of the structure and components comprising the agreed settlement amount;
- assessment of the recognition and measurement requirements to establish provisions under ASR Nederland N.V.'s EU-IFRS accounting principles and the Solvency II framework for the calculation of the Solvency II ratio. We challenged management's assessment of the likelihood of a final settlement (90% hurdle) that supports management's recognition and measurement of the provision of EUR 250 million;
- assessed the documentation prepared by management to support the provision for leniency scheme for customers unaffiliated with one of consumer protection organisations who have not previously received compensation. We assessed and challenged the recognition and measurement of this provision;
- evaluation of the unit-linked provision disclosure in note 7.5.16 Provisions and the unit-linked remaining exposure in note 7.7.6.2. Unit Linked Products (beleggingsverzekeringen) of the financial statements, where we focused on adequacy of the disclosure of the related risks and management's judgements.

Our observation
We concur with the recognition and measurement of the provisions to cover the expected settlement expense of the unit-linked exposure and the expected expenses for the leniency scheme. We found management's valuation of the provision for the leniency scheme acceptable.

We considered the disclosure on the provision in note 7.5.16 and the disclosure on the remaining exposure in note 7.7.6.2. to be adequate.

Solvency II disclosure

Description
Solvency II information is considered to be an important addition to the information provided on an EU-IFRS basis. The Own Funds and Solvency Capital Requirement (SCR) are the main metrics of the Solvency II prudential reporting framework. After the acquisition of Aegon Nederland N.V., ASR Nederland N.V. uses a partial internal model (PIM) approved by the Dutch Central Bank (or DNB) to determine the capital requirements at Aegon Levensverzekering N.V. and Aegon Spaarkas N.V. For the other risks at the other insurance entities, the standard formula (SF) is applied.

The determination of the Solvency II ratio as well as the disclosed sensitivity of the Solvency II ratio is complex and highly judgemental and is based on assumptions which are affected by (future) economic, demographic and regulatory conditions. The assumptions used relate to risks regarding interest, mortality, longevity, morbidity, catastrophe, lapse and expense as well as the diversification between these risks. The calculations also take into consideration taxation after shock (loss absorbing capacity of deferred tax; 'LACDT'). Specifically, the following elements included within the calculation of the SCR give rise to a significant risk of error: LACDT, future management actions applied in shock scenarios and the diversification between the SF and PIM models.

Disclosure of the determination of the metrics, changes in the models and assumptions (including the use of the Volatility Adjustment and Ultimate Forward Rate) as well as the sensitivity applied are considered relevant information for understanding the Solvency II metrics.

Given the importance of these regulatory capital requirements for ASR Nederland N.V. and complexity of the application and estimates to determine the Solvency II ratio, we determined the reliability and adequacy of the Solvency II disclosure to be a key audit matter.

Our response

We obtained an understanding of the ASR Nederland N.V.'s application and implementation of the Solvency II directive.

We have assessed the design and implementation of the internal controls over the Solvency II calculations, including the model validation and assumption approval processes and management review controls.

These internal controls covered, among other things, the functioning of the Solvency II key functions on risk management and actuarial. In this context we performed corroborative inquiry with the Actuarial Function Holder and Risk Management Function Holder on their reports. This includes the Actuarial Function Holder report 2023, which sets out conclusions on the reliability and adequacy of the technical provisions as at 31 December 2023 under Solvency II.

Based on the outcome of our assessment of the effectiveness of the internal controls, we performed, among other procedures, the following substantive procedures:

- assessing the appropriateness of evidence used and judgement applied in assumption setting for both the BEL and the SCR. This included the evaluation of the substantiation of the loss-absorbing capacity of deferred tax and the application of the future management action applied at disability income and life;
- for the aggregation of the outcome of the standard formula and the Partial Internal Model of Aegon Levensverzekering N.V. and Aegon Spaarkas N.V., ASR Nederland N.V. uses the models of Aegon Nederland N.V. The model validation, one of the conditions of DNB approval for using this model, is finalised. The second line has assessed the model as acceptable. We have reviewed the model validation outcome;
- verifying the consolidation of the Solvency II reporting by the Group's components, taking into account the Solvency II-specific requirements for consolidation that deviate from EU-IFRS;
- analysing the outcome of the internally prepared calculations and analysis of the movements in the Solvency II capital position during the year and sensitivities as at 31 December 2023 and discussing the outcome with the Group's actuaries;
- verifying that the Solvency II disclosure refers to the fact that the Solvency II ratio is not final until filed with the regulator, DNB. We refer to note 7.9.2.

Our observation

Overall, we found that the calculations of the Solvency II Own Funds and SCR in the risk and capital management disclosures are acceptable in the context of the financial statements. We refer to notes 7.8 and 7.9 of the financial statements.

Report on the 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.

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

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

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 less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were initially appointed by the General Meeting of Shareholders as auditor of ASR Nederland N.V. on 22 May 2019, as of the audit for the year 2020 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

European Single Electronic Format (ESEF)

ASR Nederland N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in XHTML format, including the (partly) marked-up consolidated financial statements as included in the reporting package by ASR Nederland N.V., complies in all material respects with the RTS on ESEF.

The Executive Board is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby the Executive Board combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF. We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included among others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Executive Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the ASR Nederland N.V.'s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate ASR Nederland N.V. or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the ASR Nederland N.V.'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.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at eng_beursgenoteerd_01.pdf (nba.nl). This description forms part of our auditor's report.

Utrecht, 2 April 2024

KPMG Accountants N.V.

A.J.H. Reijns RA

8.7 Reasonable and limited assurance report of the independent auditor on the non-financial information and specified non-financial indicators

To: the General Meeting of Shareholders and the Supervisory Board of ASR Nederland N.V.

Our opinion on specified non-financial indicators

We have performed a reasonable assurance engagement on the data for the key performance indicators: Relational Net Promoter Score (NPS-r), Sustainable reputation, Impact investments, Carbon footprint of portfolio for own account in % reduction compared to baseline year 2015 , Employee Engagement and 23, by management selected, HR related indicators which are specifically indicated as part of reasonable assurance with an asterisk (*) in chapter '6 Non-financial statements' (hereafter: 'the specified non-financial indicators') as included in the 2023 Annual Report (hereafter: 'the annual report') of ASR Nederland N.V. (hereafter 'the Group' or 'ASR Nederland N.V.') based in Utrecht, the Netherlands.

In our opinion, the specified non-financial indicators in the accompanying annual report are presented fairly, in all material respects in accordance with the applicable criteria as included in the section 'Criteria'.

Our qualified conclusion on non-financial information

Furthermore, we have performed a limited assurance engagement on the non-financial information in the chapters:

- '2 Business and strategy';
- '3 How a.s.r. operates';
- '4 Business performance';
- '6 Non-financial statements' (excluding chapter '6.2.4 Taxonomy regulation')
- '8.1 About this report';
- '8.3 Materiality analysis and stakeholder dialogue';
- '9.3 GRI content index';
- '9.4 TCFD recommendations'; and
- '9.5 TNFD recommendations'.

(hereafter: 'the non-financial information') as included in the annual report of ASR Nederland N.V. based in Utrecht, the Netherlands.

Based on the procedures performed and the assurance information obtained, nothing has come to our attention, except for the possible effects of the matter described under 'Basis for our opinion and qualified conclusion' section of our report, that causes us to believe that the non-financial information in the accompanying annual report does not present fairly, in all material respects:

- the policy with regard to sustainability matters; and
- the business operations, events and achievements in that area in 2023

in accordance with the applicable criteria as included in the section 'Criteria'.

In this assurance report, where we refer to the non-financial information, this includes the specified non-financial indicators as well, unless stated otherwise.

Basis for our opinion and qualified conclusion

For the calculation of the 'insurance related emissions' related to the insurance policies under control of mandated agents channels significant assumptions are used. We refer to management's disclosure in chapter '8.1 About this report' of the annual report. As mentioned by ASR Nederland N.V., the division over the sectors (in percentages) for 'business' in the provincial channel has been used as a proxy for determining the share per sector in the mandated agents channel. The same applies to make/model/fuel/mileage of private passenger cars. For these assumptions ASR Nederland N.V. has not been able to provide sufficient appropriate assurance evidence to substantiate the reasonableness of these assumptions. Therefore we have not been able to perform sufficient appropriate assurance procedures.

We performed our reasonable assurance engagement on the specified non-financial indicators and our limited assurance engagement on the non-financial information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake duurzaamheidsverslaggeving' (Assurance engagements relating to sustainability reporting). Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement on the non-financial information and specified non-financial indicators' section of our report.

We are independent of ASR Nederland N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

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

Criteria

The criteria applied for the preparation of the specified non-financial indicators and the non-financial information are the GRI Sustainability Reporting Standards (GRI Standards) as listed in the GRI Content Index (chapter '9.3 GRI content index') and the criteria supplementally applied as disclosed in chapter '8.1 About this report' and ' 9.1 Glossary' of the annual report.

The specified non-financial indicators and the non-financial information is prepared in accordance with the GRI Standards.

The comparability of specified non-financial indicators and the non-financial information between entities and over time may be affected by the absence of an uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the specified non-financial indicators and the non-financial information needs to be read and understood together with the criteria applied.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability matter. When evaluating our materiality levels, we have taken into account quantitative and qualitative aspects as well as the relevance of information for both stakeholders and the company.

We agreed with the Supervisory Board that misstatements which are identified during the assurance engagement and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Key assurance matter with respect to the specified non-financial indicators

Key assurance matters are those matters that, in our professional judgement, were of most significance in our assurance engagement on the specified non-financial indicators. We have communicated the key assurance matters to the Supervisory Board. The key assurance matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our assurance engagement on the specified non-financial indicators as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The non-financial indicator on ASR Nederland N.V.'s reduction of the carbon footprint of portfolio for own account was determined to be a key assurance matter as the assessment is inherently subject to assumptions and management judgement due to data quality limitations of external sources, whereas the assessment of other important non-financial indicators require such judgement to a lesser extent.

Reduction of the carbon footprint of portfolio for own account

Description

ASR Nederland N.V. reports on the reduction of the carbon footprint of portfolio for own account. This is a non-financial target regarding the carbon footprint that shows the percentage of the scope 1 and 2 CO_2-eq reduction of ASR Nederland N.V.'s internally managed assets under management (AuM) for the own account of ASR Nederland N.V., relative to the baseline year 2015. The reduction of the carbon footprint of portfolio for own account was significant to our reasonable assurance engagement, because:

- we identified that it is as a material indicator for ASR Nederland N.V. to report on the environmental impact of its activities, and
- the carbon footprint data used for reporting is inherently subject to assumptions and judgement due to data quality limitations.

Our response

We obtained an understanding of the reporting process, the applicable definitions and reporting criteria and we have evaluated the design and implementation of relevant internal controls. We inquired ASR Nederland N.V.'s staff members involved in the reporting process for the carbon footprint of portfolio for own account to understand the application of the definitions and reporting criteria and we challenged the underlying evidence, such as the reliability of data used and expert opinions on methodologies used for the estimates of carbon emissions. Finally, we assessed whether the reporting criteria, assumptions, definitions and data quality are adequately disclosed in the annual report.

Our observation
We consider that the definitions and criteria for the carbon footprint of portfolio for own account as described in ASR Nederland N.V.'s reporting criteria, as disclosed in the section 'Carbon footprint of portfolio for own account' included in chapter '8.1 About this report' of the annual report are appropriately applied and that the assumptions are adequately explained, including information on the data quality of the carbon footprint. We also consider the disclosure on the reduction of the carbon footprint of portfolio for own account as being adequate.

Emphasis of matter
We draw attention to page 7 and 8 on the ' Integration Aegon Nederland N.V.' of the annual report, which describes the exclusion of the non-financial information related to Aegon activities from the assurance scope of non-financial information.

Our opinion and conclusion are not modified in respect of this matter.

Limitations to the scope of our assurance engagement
The non-financial information includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide assurance on the assumptions and achievability of prospective information.

The references to external sources or websites in the non-financial information are not part of the non-financial information as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our opinion and conclusion is not modified in respect to these matters.

Responsibilities of the Executive Board and Supervisory Board for the non-financial information and specified non-financial indicators
The Executive Board is responsible for the preparation and fair presentation of the non-financial information in accordance with the criteria as included in the section 'Criteria', including the identification of stakeholders and the definition of material matters. The Executive Board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting. The choices made by the Executive Board regarding the scope of the non-financial information and the reporting policy are summarized in the chapter '8.1 About this report' of the annual report.

Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the non-financial information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the non-financial reporting process of ASR Nederland N.V.

Our responsibilities for the assurance engagement on the non-financial information and specified non-financial indicators
Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our opinion and conclusion.

Our reasonable assurance engagement on the non-financial indicators has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material misstatements, whether due to fraud or error.

Our limited assurance engagement on the non-financial information is aimed to obtain a limited level of assurance to determine the plausibility of that non-financial information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our reasonable and limited assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant non-financial or sustainability themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the specified non-financial indicators and the non-financial information. This includes the evaluation of the company's materiality assessment and the reasonableness of estimates made by the Executive Board;
- Obtaining a general an understanding of the internal control environment, the reporting processes, the information systems and the company's risk assessment process relevant to the preparation of the specified non-financial indicators and the non-financial information.
- Identifying areas of the specified non-financial indicators and the non-financial information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise.

- Designing and performing further assurance procedures aimed at determining the plausibility of the specified non-financial indicators and the non-financial information responsive to this risk analysis. These procedures consisted amongst others of:
  - Obtaining inquiries from management and/or relevant staff at corporate level responsible for the sustainability strategy, policy and results;
  - Obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the specified non-financial indicators and the non-financial information;
  - Obtaining assurance evidence that the specified non-financial indicators and the non-financial information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Considering the data and trends.
- Reconciling the relevant specified non-financial indicators and the financial information with the financial statements;
- Reading the information in the annual report which is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the specified non-financial indicators and the non-financial information;
- Considering the overall presentation and balanced content of the specified non-financial indicators and the non-financial information;
- Considering whether the specified non-financial indicators and the non-financial information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with applicable criteria.

Additionally, our reasonable assurance engagement on the specified non-financial indicators included, among others:

- Obtaining an understanding of internal control relevant to the reasonable assurance engagement in order to design assurance 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;
- Designing and performing further assurance procedures on the data supporting the specified non-financial indicators, such as sampling and validating data with appropriate supporting evidence.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

From the matters communicated with the Supervisory Board we determine the key assurance matters: those matters that were of most significance in the assurance engagement on the non-financial information. We describe these matters in our assurance report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Utrecht, 2 April 2024

KPMG Accountants N.V.

A.J.H. Reijns RA

8.8 Non-financial indicators Aegon NL

Carbon footprint of own operations

(in tCO_2)	2023	2022
Scope 1 - gas	729	809
Scope 2 - electricity	313	145
Scope 3 - air travel	-	84
Total	**1**	**1**

Carbon footprint of investments

(in tCO_2 / € 1bln)	2023	2022
Cash	-	-
Mortgages	12	15
Credits	44	43
Government bonds	269	366
Other	-	-
Total	**54**	**73**

HR-related indicators

(units specified below)	2023	2022
Total employees (in numbers)	2,964	2,882
Female (in %)	41	41
Men (in %)	59	59
Share of women in senior management position (in %)	20	43
Absentee rate (in %)	4.9	4.6

Community-related indicators

(units specified below)	2023	2022
Employees participated in community programme (in numbers)	31	169
Community partners (in numbers)	16	19
Community investments (in €)		
- Financial education	320,212	751,807
- Financial self-reliance	146,184	317,351
- Sickness prevention	-	151,150
- Investments in local community	-	195,000
- Other	-	1,500
Total	**466,396**	**1,416,808**

Appendix

9

9.1 Glossary

Amortised cost
The amount at which a financial asset or financial liability is measured on initial recognition net of principal repayments, plus or minus accumulated amortisation using the effective interest method or any difference between that initial amount and the amount at maturity, and minus any reduction for impairments or collectability.

Associate
An entity over which a.s.r. has significant influence and which is neither a subsidiary nor an interest in a joint venture.

Basis point
One-hundredth of one percent (0.01%).

Building Research Establishment Environmental Assessment Methodology (BREEAM)
BREEAM, which was first published by the Building Research Establishment (BRE) in 1990, is the world's longest established method for assessing, rating, and certifying the sustainability of buildings.

Claims ratio
The cost of claims, net of reinsurance in Non-life, excluding the internal costs and exclusively commissions paid of handling non-life claims, less interest accrual on reserves, and a margin of prudence for health, expressed as a percentage of net earned premiums.

Clean fair value
The fair value of an asset or liability, excluding the unrealised portion of accrued interest.

Closed books
Closed books are policies that are no longer sold but are still on the books of a life insurance carrier as premium paying policies.

Contractual service margin (CSM)
CSM represents the unearned profit a.s.r. will recognise as it provides insurance contract services in the future and is determined at recognition as the equal and opposite amount of the estimates of the future cash flows including acquisition cash flows, an adjustment for the time value of money and a risk adjustment.

Derivative
A financial instrument with all three of the following characteristics: (a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided, where a non-financial variable is concerned, the variable is not specific to a party to the contract (sometimes referred to as the underlying); (b) It requires no initial net investment or else an initial net investment which is lower than would be required for other types of contracts that would be expected to have a similar response to changes in market factors and (c) It is settled at a future date.

Developing and promoting sustainable products/ services (material topic)
a.s.r. offers various sustainable products and services in all its business segments, such as sustainable repair and the 'Verduurzamingshypotheek'. Offering sustainable products and services enables a.s.r. to contribute towards a sustainable, future-proof society. Furthermore, sustainable products and services increase the appeal of a.s.r. for the growing group of customers that regard sustainability as important. The Sustainable Insurance Policy states that sustainability considerations (such as potential impact on ESG topics) are integrated into the different phases of the product policy.

Discounted cash flow method
A valuation technique whereby expected future cash flows are discounted at a rate that expresses the time value of money and a risk premium that reflects the extra return that investors demand as compensation for the risk that the cash flows may not materialise.

Discretionary Participation Feature
A contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits, the amount or timing of which is contractually at the discretion of the issuer, which are contractually based on the performance of a specified pool of contracts or type of contract, realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company, fund or other entity that issues the contract.

Diversity, equity and inclusion
Diversity
All aspects in which people differ from each other. These visible aspects such as age and skin colour and the less visible aspects such as cultural, social and ethnic backgrounds, sexual and gender identities, competences, work styles, education levels, perspectives and views make us authentic and unique as human beings. a.s.r. Believes that these differences make the organisation stronger together.

Equity
Every person is unique, but everyone's contribution is of equal or comparable value. Equity means that everyone can participate fully and has access to equal opportunities

Inclusion
With inclusion, a.s.r. sees a culture in which differences are recognised, valued and made use of. An environment

in which everyone has their place and experiences the freedom and safety to be their authentic and unique selves. And where we do not exclude anyone.

Embedded derivative
A component of a hybrid instrument that also includes a non-derivative host. The host contract may be a bond or equity, a lease, an insurance contract or a contract of purchase and sale.

Emission own activities
Scope 1 emissions are direct emissions from company-owned and controlled resources. Scope 2 emissions are indirect emissions from the generation of purchased energy, from a utility provider. Scope 3 emissions are all indirect emissions - not included in scope 2 - that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Employee benefits
All forms of consideration given by an entity in exchange for service rendered by employees.

Employee contribution
a.s.r.'s employee contribution to local society is measured by the volunteering hours of both a.s.r. employees as well as external employees working on behalf of a.s.r. These hours are non-profit and might include activities of the a.s.r. foundation. This contribution can be done in a team or on an individual basis. For some activities the time is estimated based on a standardised table. Activities include improving financial literacy, being a financial buddy, reading aloud to children, etc., as well as team activities for societal organisations. Employees that are involved in an activity within a domain (Financial self-reliance and Helping by doing) more than once per calendar year are considered a double count. And as such only included once in the figure reported for number of employees involved. Volunteering hours also include training hours, travel time and the actual execution of the employee contribution.

Environmental, social and governance (ESG)
ESG refers to the three main areas of concern that have developed as central factors in measuring the sustainability and ethical impact of an investment in a company. These areas cover a broad set of concerns increasingly included in the non-financial factors that feature in the valuation of investments in equities, property, and corporate and fixed-income bonds. ESG is the catch-all term for the criteria used in what has become known as socially responsible investment.

EU Taxonomy
EU Taxonomy Regulation establishes an EU classification system – or taxonomy – that provides investors, including financial sector entities and corporates, with uniform criteria specifying which economic activities are considered to contribute to the sustainable objectives of the EU. This should provide non-financial and financial actors with clarity on which of their activities are considered sustainable in order to scale up sustainable investments and thereby contribute to the overall objectives of the EU's 2018 Sustainable Finance Action Plan and 2020 renewed Sustainable Finance Strategy.

EU Taxonomy eligibility
Eligibility used under the EU Taxonomy Regulation means that the economic activity is mentioned in the technical screening criteria and have therefore the potential to be considered or become sustainable, so-called 'taxonomy aligned'.

EU Taxonomy alignment
Alignment used under the EU Taxonomy Regulation means that the economic activity meets the technical screening criteria for alignment, including the criteria that the activity cause no significant harm to one or more of the other EU Taxonomy Regulation environmental objectives, while at the same time respecting minimum safeguards. These minimum safeguards are set out in particular in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Expense ratio
Expenses, including the internal costs of handling non-life claims, minus internal investment expenses and restructuring provision expenses, expressed as a percentage of net earned premiums.

Fair value
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Full Time Equivalent (FTE)
Full Time Equivalent is a unit of account for the size of a job or total workforce. One FTE is equal to an employee working a full working week (being at least 38 hours) during the entire reporting year.

Global Real Estate Survey Benchmark (GRESB)
The GRESB is a benchmark that looks at the sustainability performance of more than 700 institutional investment funds worldwide.

Goodwill
An asset representing the future economic benefits arising from other assets acquired in a business combination which are not individually identified and separately recognised.

General Measurement Model (GMM)
The default model for the measurement of insurance contracts, except for direct participating contracts. The model comprises of four building blocks to determine the insurance liability, being future cash flows, discounting, risk adjustment and contractual service margin.

Gross written premiums
Total revenues (earned or otherwise) expected to be received for insurance contracts over the life of the contract, including reinsurance premiums.

Hedge accounting
Hedge accounting recognises the offsetting on profit or loss of changes in the fair value of the hedging instrument and the hedged item.

HR indicators
The definitions of all HR indicators are given below. The scope of the HR indicators is ASR Nederland including contractors and excluding subsidiaries, redundant employees, incapacitated employees and employees employed through the Participation desk (*Participatiedesk*), unless specified otherwise.

Absenteeism rate
Percentage of working hours that employees called in sick compared to the total amount of workable hours according to contact in the reporting period. Maternity leave and pregnancy-related sickness are excluded.

Average days of training per employee
Average days of training (webinars, events, trainings) per employee. Redundant employees and employees employed through the Participation desk are in scope, contractors are out of scope.

Average years of service
Average years an a.s.r. employee is employed at a.s.r. with an a.s.r. contract.

Boter-bij-de-vis
Boter-bij-de-vis is an extra (financial) reward for employees having delivered an outstanding accomplishment outside of his/her 'normal' job routines. Contractors are out of scope, employees employed through the Participation desk are in scope.

Breakdown Gender diversity (%)
The proportion (in %) of female / male employed at a.s.r.

Contracts of indefinite and definite duration
Amount of employees having an a.s.r. contract, split by indefinite (no end date) and definite (end date) duration. Contractors are out of scope.

eMood Monitor
The eMood® score measures how employees feel in terms of happiness at work, vitality and productivity. The average of these scores is called the mood of a.s.r. All weekly scores are consolidated in the average score per year.

Employee compensation (salaries and wages)
Employee compensation (salaries and wages) in € million. Total ASR Nederland (including subsidiaries) is in scope.

Employee engagement (Denison)
Employee engagement is measured through the annually performed Denison scan. Employees are asked to fill in a questionnaire on the basis of four drivers of engagement: vision, core values, empowerment and knowledge development. The results are compared with a global benchmark of more than 1,200 large organisations that use the Denison scan.

Employee turnover – voluntary and involuntary
The employee turnover is measured through a percentage which is the total outflow of employees divided by the average number of employees. This figure is split into voluntary and involuntary turnover. Employees employed through the Participation desk are in scope.

Employees covered by CLA (%)
The proportion (in %) of a.s.r. employees that are covered by The Other CLA ("De Andere CAO"). Contractors are out of scope.

Employees employed through the Participation desk
Employees that are employed through the participation desk and qualify for the Dutch Participation Act (*Participatiewet*). Contractors are out of scope, employees employed through the Participation desk are in scope.

eNPS
The eNPS is the extent to which employees would actively recommend a.s.r. as an employer. This is also measured via the Employee Mood Monitor. The eNPS provides a.s.r. an insight in the loyalty and perceived attraction of a.s.r. as an employer.

Equivalent working time spent on training
Equivalent working time spent on training expressed in monetary value based on the average hourly wage. Employees employed through the Participation desk are in scope.

FTE per business line and working from Utrecht office
Total number of FTE and number of FTE working from Utrecht office that have an employment contract of definite or indefinite duration with a.s.r. or one of its subsidiaries. Contractors are out of scope.

Grievances relating to labour practices
The amount of total received and admissible labour grievances processed by the grievance committee.

Gross average wage
Gross average wage per hour in €, split by gender and per management layer.

Human capital return on investment
The proportion (in %) of a.s.r.'s investment in human capital reflected into net operating profit, corrected for the investment in human capital. Each € invested in human capital results in a certain percentage net operating profit corrected for the investment in human capital. Total ASR Nederland (including subsidiaries) is in scope.

Nil absenteeism rate
Nil absenteeism is the proportion (in %) of employees who have not reported sick during the reporting period.

Parttime and fulltime employees
Fulltime employees are the number of employees that have contract hours of at least 38 hours per week. Parttime employees are the number of employees that have contract hours of less than 38 hours per week.

Pay ratio (incl. highest paid and average)
a.s.r. is transparent concerning the remuneration of the EB. Not only in terms of actual amounts, but also in accordance with the Dutch Corporate Governance Code as compared with the average of the remuneration of the employees at a.s.r. The average pay ratio calculation is the difference expressed in a ratio between the average of the remuneration of the employees at a.s.r. and the highest paid individual at a.s.r.

Pay ratio (incl. highest paid and median)
a.s.r. is transparent concerning the remuneration of the EB. Not only in terms of actual amounts, but also in accordance

with the Global Reporting Initiative as compared with the median of the remuneration of the employees at a.s.r. The median pay ratio is the difference expressed in a ratio between the median of the remuneration of the employees at a.s.r. and the highest paid individual at a.s.r. Part-time employees are excluded from the calculation of the ratio because accurate extrapolation to full time employees is not possible through certain loan components.

Total spending on training and development
Total a.s.r. investment in € on training and development programmes.

Training spending per FTE
Total a.s.r. investment in € on training and development programmes divided by the number of FTE.

Vacancies filled internally and externally
Internally filled vacancies are the number of vacancies filled by internal candidates, in absolute numbers and in percentage by dividing by total filled vacancies. Externally filled vacancies are the number of vacancies filled by external candidates, in absolute numbers and in percentage by dividing by total filled vacancies. Redundant employees, incapacitated employees and employees employed through the Participation desk are in scope.

Impairment
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The asset's carrying amount is reduced to its fair value and recognised through profit and loss.

Institution for Occupational Retirement Provision (IORP)
IORP is a pension vehicle in the form of a separate legal entity which can operate a DC pension scheme on a separate account basis during the pension accrual phase. When an employee reaches his or her retirement age, the IORP transfers the accrued capital to a pension insurer of the employee's choice to pay the pension benefits. Employers wishing to insure any additional risks (such as survivors' pensions) can do so through an IORP.

Insurance contracts
A contract under which one party (a.s.r.) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Insurance contract revenue
Insurance contract revenue under the general measurement model and Variable fee approach consists mainly of the sum of the changes in the liability for remaining coverage due to the insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, the change in the risk adjustment for non-financial risk, and the amount of contractual service margin for the services provided in the period. Insurance contract revenue under the premium allocation approach is based on the expected premium receipts for providing coverage in the period, based on the passage of time.

Intangible asset
An identifiable, non-monetary asset without physical substance.

International Financial Reporting Standards (IFRS)
As of 1 January 2005, these standards have been the generally accepted international accounting policies that apply to all listed companies in the EU. They make annual results easier to compare and offer a better understanding of a company's financial position and performance.

International Integrated Reporting Council (IIRC)
The IIRC is a global coalition of regulators, investors, companies, standard setters, the accounting profession, academia and NGOs. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting.

Investment contract
A life insurance contract that transfers FR with no significant insurance risk.

Investment property
Property held to earn rentals or for capital appreciation or both.

Joint venture
A contractual arrangement under which two or more parties undertake an economic activity that is subject to joint control.

Just Transition
Greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind.

Materiality
An aspect is considered material if it is relevant to the stakeholders, has a reasonably estimable economic, environmental, and/or social impact and can have a major impact on the development of a.s.r. The greater the impact of the aspect on both society and a.s.r.'s business operations, results and strategy, the greater its materiality.

Mitigating of climate change
Financial institutions such as a.s.r. must increasingly take account of risks associated as a result of climate change, transition policy, technological developments and the transition to a climate-neutral economy.

Adapting to the consequences of climate change
Adapting to climate change means taking action to adjust to its present and future impacts.

Net Promoter Score (NPS)
The NPS is a management tool that can be used to gauge the customer satisfaction of an organisation's customers. It is an alternative way to measure customer satisfaction. These are mostly focused on advisors. a.s.r. does use the NPS-c and the NPS-r. The NPS-c is performed after customers had been in contact with an employee of a.s.r. by phone. The analysis of the customer relationship via the NPS-r is an extension of the analysis compared to the methodology of the NPS-c which only measured customer satisfaction during contact moments. The group target for 2022-2024 is based on NPS-r.
The following question is asked: how likely are you to recommend a.s.r. to your family, friends and colleagues based on your experience with the a.s.r. employee?
Calculation of the NPS: With a score of 9 or 10, the customer is seen as a promoter (recommendation). With a score of

7 or 8, the customer gets the predicate passive. He or she will neither recommend nor discourage the brand. With a score of 0 to 6, the customer will discourage the brand. The NPS term for this is detractor (criticaster). The NPS is calculated by subtracting the percentage of detractors from the percentage of promoters. The NPS presented reflect the year end scores.

Non-participating life insurance contracts
In non-participating life insurance contracts, all values relating to the policy (death benefits, cash surrender values, premiums) are usually determined at policy issue, for the life of the contract, and cannot usually be altered after issue.

Notional amount
An amount of currency, number of shares, number of units of weight or volume or other units specified in a derivatives contract.

Nu, later en altijd
"Nu, later en altijd" is the brand asset developed for the in 2023 launched marketing campaign of a.s.r. It translates to "Now, later and always". With its financial services and role as responsible investor, a.s.r. aims for an improved financial situation for its customers and a sustainable society for today, tomorrow and for future generations to come.

Operating lease
A lease that does not transfer substantially all the risk and rewards incidental to ownership of an asset.

Operating Return on Equity
A measure of financial performance calculated by dividing the operating result (after hybrid costs and net of taxes) by the average adjusted equity attributable to shareholders for the reporting period.

Option
A financial instrument that conveys the right to buy (call option) or sell (put option) a security at a reference price during a specified time frame.

Organic capital creation (OCC)
The sustainable creation of capital from both the change in the EEOF and the change in the SCR on Solvency II basis. To express the change in SCR in EOF-equivalent terms, the change in SCR is multiplied by the Solvency II ratio. The OCC consists of three elements: (1) Business Capital Generation, (2) Release of Capital and (3) Technical Movements. In this definition, sustainable means: generated by the company on its own account, net of external and one-off effects. This results in a view on the Solvency II figures that is comparable with the definition of the operational result on IFRS basis.

Order in Council
An Order in Council is a decision taken by the Dutch government with respect to statutory provisions.

Pay gap
The unadjusted pay gap, in which a.s.r. does not correct for type of work, age and work experience but look at all men and women as a whole is calculated as follows: (average gross hourly wage for women - average gross hourly wage for men) / average gross hourly wage for men. In the adjusted pay gap all factors above are included as correction factor in the calculation.

Pension DB
Defined benefit pension plan is a type of pension plan in which an employer/sponsor promises a specified pension payment, lump-sum, or combination thereof on retirement that depends on an employee's earnings history, tenure of service and age, rather than depending directly on individual investment returns.

Pension DC
A defined contribution plan is a type of retirement plan in which the employer, employee or both make contributions on a regular basis. Individual accounts are set up for participants and benefits are based on the amounts credited to these accounts plus any investment earnings on the money in the account.

Photovoltaics
Photovoltaics is the conversion of light into electricity using semiconducting materials that exhibit the photovoltaic effect.

Partial internal model (PIM)
Partial internal model - The Solvency II framework allows an insurance company to calculate the solvency capital requirement (SCR) using either the standard formula or, subject to supervisory approval, their own internal model (either full or partial). Partial internal models can be used to model one or more of the standard formula risk modules or sub-modules, the capital requirements for operational risk or for the loss-absorbing capacity of technical provision for either the whole business or one or more business units.

Premium allocation approach (PAA)
PAA is an optional simplification of the GMM. The PAA simplifies the measurement of the liability for remaining coverage. The measurement of the liability for incurred claims does not change and is measured conform the GMM. Revenue recognised is based on the expected premium receipts allocated to the period, based on the passage of time.

Private equity
An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange. The transfer of private equity is strictly regulated. In the absence of a marketplace, any investor looking to sell their stake in a private company personally has to find a buyer.

Provision
A liability of uncertain timing or amount. Provisions are recognised as liabilities if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations (assuming that a reliable estimate can be made).

Real estate funds
ASR Real estate includes several funds, where the following abbreviations are applicable:

- ASR DCRF: Dutch Core Residential Fund
- ASR DPRF: Dutch Prime Retail Fund
- ASR DMOF: Dutch Mobility Office Fund
- ASR DSPF: Dutch Science Park Fund
- ASR DFLF: Dutch Farmland Fund

Recoverable amount
The recoverable amount of an asset or a cash-generating unit is its fair value less costs to sell or its value in use, whichever is higher.

Return on Equity (ROE)
A measure of financial performance calculated by dividing the net result attributable to holders of equity instruments by the average equity attributable to shareholders for the reporting period.

Securities lending
This refers to the lending of securities by one party to another, with the latter agreeing to return the securities on a specified future date. The borrower usually provides the lender with collateral. Securities lending allows the owner of the securities to generate extra income.

Shadow accounting
Shadow accounting allows a recognised but unrealised gain or loss on an asset to be transferred to insurance liabilities.

Socially Responsible Investment (SRI)
Investing with due regard for ethical standards, policies and procedures, in line with the interests of a.s.r. stakeholders, where the integration of ESG criteria is key. To achieve this a.s.r. uses multiple ESG approaches such as the exclusion of controversial activities, exclusion of companies and countries due to their ethical performance, the engagement dialogue, the integration of ESG assessments in the portfolio construction and impact investments. A detailed description of a.s.r.'s SRI policy is published on www.asrnl.com.

Solvency II
Solvency II is an EU regulatory regime that has been in force in all member states since 1 January 2016. It has introduced a new, harmonised Europe-wide regime for insurance companies and sets regulatory requirements for solvency and risk governance.

Stakeholders
Stakeholders are individuals or organisations that have an interest, of whatever nature, in an organisation. They have a link with its activities, share in its earnings, influence its performance and assess its ESG effects. a.s.r.'s main stakeholder groups are customers, employees, investors and the society as a whole.

Subsidiary
An entity that is controlled by ASR Nederland N.V. (the parent company) or a subsidiary of ASR Nederland N.V.

Sustainable repair
The Sustainable repair indicator presents claims for P&C that were repaired as a share of total repairable claims. Research by CE Delft shows that the climate impact of repair is three to six times lower than that of replacement. The definition of sustainable repair was adapted as of reporting year 2023, in line with most recent research of CE Delft, a Dutch research centre specialised in (climate impact related to) energy, raw materials, and transport. Please refer to the research paper here (in Dutch).

Sustainable reputation
Sustainable reputation reflects the brand reputation of a.s.r. in the Netherlands in the areas of sustainability, transparency, and reliability. The score is calculated by determining how much % of the respondents give a top 2 score on a 5-point-scale. E.g. a score of 40 means 40% of the respondents give a top 2 score.

Transaction date
The date at which a.s.r. enters into the contractual terms of an instrument.

Value creation model
In chapter 2.2, a.s.r.'s value creation model is given. This model illustrates how a.s.r. perceives the process of achieving sustainable value for its customers, employees, investors, and society. Different types of resources serve as inputs into the business model of a.s.r. The different business activities of a.s.r. use these inputs to create intended outputs and outcomes, and hence added value to a.s.r.'s different key stakeholders.

Value chain model
The value chain outlines the relationship between the business activities of a.s.r. and the preceding and underlying links.

Value in use
Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value Of Business Acquired (VOBA)
The present value of future profits embedded in acquired insurance contracts. VOBA is recognised as an intangible asset and amortised over the effective life of the acquired contracts.

Variable fee approach (VFA)
VFA is required for insurance contracts that meet specific requirements whereby a link between payments to the policyholder and the returns on underlying items, such as some 'participating', 'with profits' and 'unit linked' contracts, is key. The interest on the CSM for such contracts is accreted implicitly through adjusting the CSM for the change in the variable fee. The variable fee represents a.s.r.'s share of the fair value of the underlying items less amounts that do not vary based on the return of the underlying items. The CSM is also adjusted for the time value of money and the effect of changes in financial risks not arising from underlying items such as options and guarantees.

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9.2 Abbreviations

Abbreviation	Definition
€STR	Euro Short-Term Rate
A&RC	Audit & Risk Committee
ACM	Authority for Consumer & Market (*Autoriteit Consument & Markt*)
AEX	Amsterdam Exchange Index
AF	Actuarial Function
AFM	Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*)
AGM	Annual General Meeting
AI	Artificial Intelligence
AIFM	Alternative Investment Fund Managers
AIFMD	Alternative Investment Fund Managers Directive
AIVD	The General Intelligence and Security Service (*Algemene Inlichtingen- en Veiligheidsdienst*)
ALM	Asset Liability Management
AML	Anti-Money Laundering
AMX	Amsterdam Midcap Index
APE	Annual Premium Equivalent
APFS	ASR Pensioenfondsen Services
ASR DCRF	ASR Dutch Core Residential Fund
ASR DFLF	ASR Dutch Farmland Fund
ASR DMOF	ASR Dutch Mobility Office Fund
ASR DPRF	ASR Dutch Prime Retail Fund
ASR DSPF	ASR Dutch Science Park Fund
ASR MF	ASR Mortgage Fund
ASR PDF	ASR Private Debt Fund
ASR PF	ASR Property Fund
ASR SAM	ASR Separate Account Mortgage Fund
AuM	Assets under Management
AVB	a.s.r. Asset management
BFFI	Biodiversity Footprint for Financial Institutions
BKR	Credit Registration Office
BMR	Benchmarks Regulation
bps	Basis points
BRC	Business Risk Committee

Abbreviation	Definition
BREEAM	Building Research Establishment Environmental Assessment Methodology
BSCR	Basic Solvency Capital Requirement
BVPA	Dutch Association for Public Affairs (*Beroepsvereniging voor Public Affairs*)
CAPM	Capital Asset Pricing Model
CBS	Statistics Netherlands
CCA	Client Clearing Agreement
CCB	Climate, Community and Biodiversity Standard
CCPs	Central Clearing Counterparties
CCR	Counterparty Credit Rating (Standard & Poor's)
CCT	Central Crisis Team
CDD	Customer Due Diligence
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CHF	Swiss Franc
CIC	Central Investment Committee
CIS	Central Information System
CISO	Chief Information Security Officer
CJEU	Court of Justice of the European Union
CLA	Collective Labour Agreement
CLFC	Capital Liquidity and Funding Committee
CMD	Capital Markets Day
CO_2	Carbon dioxide
CoC	Cost of Capital
COO	Chief Operating Officer
COR	Combined Ratio
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CRO	Chief Risk Officer
CRM	Customer Relationship Management
CRREM	Carbon Risk Real Estate Monitor
CSA	Credit Support Annex

Abbreviation	Definition
CSDDD	Corporate Sustainability Due Diligence Directive
CSM	Contractual service margin
CSP	Concentrated Solar Power
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CTO	Chief Technology Officer
DB	Defined Benefit
DC	Defined Contribution
DCF	Discounted Cash Flow
DEI	Diversity, equity and inclusion
DGBC	Dutch Green Building Council
DJSI	S&P Global Dow Jones Sustainability Index
DKK	Danish krone
DNB	Dutch Central Bank (*De Nederlandsche Bank*)
DORA	Digitial Operational Resilience Act
DPA	Data Protection Authority
DPF	Discretionary participation features
DUFAS	Dutch Fund and Asset Management Association
EB	Executive Board
EBB	Energy Saving Budget
EBV	Energy Savings Facilities
EC	European Commission
ECB	European Central Bank
EDPB	European Data Protection Board
EEA	European Economic Area
EFRAG	European Financial Reporting Advisory Group
EGM	Extraordinary General Meeting
EIOPA	European Insurance and Occupational Pensions Authority
eMood®	Employee Mood Monitor
eNPS	Employee Net Promoter Score
EOF	Eligible own funds
EONIA	Euro OverNight Index Average

Abbreviation	Definition
ERC	First line Risk & Control (*Eerste lijn Risk & Control*)
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
ESI	Ethibel Sustainability Index
ESPP	Employee Share Purchase Plan
ESRB	European Systemic Risk Board
EU	European Union
EU SFAP	European Sustainable Finance Action Plan
Euribor	Euro Interbank Offered Rate
FCAB	Framework for Climate Adaptive Buildings
FED	Federal Reserve System
FMA	Future Management Action
FR	Financial risk
FRC	Financial Risk Committee
FRM	Financial Risk Management
FSCB	Financial Services Complaints Board
FTE	Full-Time Equivalent
GBP	Pound Sterling
GBSM	Group Balance Sheet Management
GDP	Gross Domestic Product
GDPR	General Data Protection Regulation
GHG	Greenhouse gas
GIS	Geographic Information System
GIIN	Global Impact Investing Network
GMM	General Measurement Model
GRC	Governance, Risk and Compliance
GRESB	Global Real Estate Survey Benchmark
GRI	Global Reporting Initiative
GRM	Group Risk Management
GWP	Gross Written Premiums
GWPa	Global Warming Potential
HKD	Hong Kong Dollar
HR	Human Resource
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBNR	Incurred but not reported
IBOR	Interbank offered rate
i-CERT	Cyber security partnership between insurance companies
ICT	Information and Communications Technology
IDD	Insurance Distribution Directive
IFRS	International Financial Reporting Standards

Abbreviation	Definition
IFSR	Insurer Financial Strength Rating (Standard & Poor's)
IIRC	International Integrated Reporting Council
ILO	International Labour Organisation
IMP	Individual Monitoring Plan
IORP	Institution for Occupational Retirement Provision; *Premiepensioeninstelling*
IPO	Initial Public Offering
IRBC	International Responsible Business Conduct
IRRD	Insurance recovery and resolution directive
ISDA	International Swaps and Derivatives Association
ISIN	International Securities Identification Number
IT	Information Technology
IU	Investor Update
IVNB	Dutch association of institutional investors in real estate; *Vereniging van Institutionele Beleggers in Vastgoed*
KNMI	Royal Netherlands Meteorological Institute (*Koninklijk Nederlands Meteorologisch Instituut*)
KPI	Key Performance Indicator
kWh	Kilowatt-hour
KYC	Know Your Customer
LAC DT	Loss-Absorbing Capacity Deferred Tax
LAC TP	Loss-Absorbing Capacity of Technical Provisions
LAT	Liability Adequacy Test
LDI	Liability-Driven Investing
LE	Leadership Education
LoC	Level of Concern
LTO	Netherlands Agricultural and Horticultural Association (*Land- en Tuinbouw Organisatie Nederland*)
LTV	Loan to Value
M&A	Mergers and Acquisitions
MB	Management Board
MC	Model Committee
MiFIDII	Markets in Financial Instruments Directive II
MSCI	Morgan Stanley Capital International
MT	Management Team
MtM	Mark-to-Market
MV	Model Validation

Abbreviation	Definition
N&ESGC	Nomination & Environmental, Social and Governance Committee
N/A	Not applicable
NAB	Netherlands Advisory Board on impact investing
NCSC	National Cyber Security Centre
NFR	Non-financial risk
NFRC	Non-Financial Risk Committee
NFRD	Non-Financial Reporting Directive
NGOs	Non-governmental and non-profit organisations
NHG	National Mortgage Guarantee
NLFI	NL financial investments
NPS	Net Promoter Score
NSLT	Similar to Non-life Techniques
NSR	Dutch Debt Assistance Route (*Nederlandse Schuldhulproute*)
NZIA	Net-Zero Insurance Alliance
OCC	Organic Capital Creation
OCI	Other Comprehensive Income
OCTAS	Independent Commission on the Future of the Occupational Disability System (*Onafhankelijke Commissie Toekomst Arbeidsongeschiktheidsstelsel*)
OECD	Organisation for Economic Co-operation and Development
ORM	Operational Risk Management
ORSA	Own Risk and Solvency Assessment
OTC	Over the Counter
OTSO	Supervised entity (*Onder toezicht staande onderneming*)
P&C	Property & Casualty
p.a.	per annum
PAA	Premium allocation approach
PARP	Product Approval & Review Process
PBAF	Partnership for Biodiversity Accounting Financials
PCAF	Partnership for Carbon Accounting Financials
PfZW	Dutch pension fund for the care and welfare sector (*Pensioenfonds Zorg en Welzijn*)
PIM	Partial internal model
PV	Photovoltaics
PVFCF	Present Value of Future Cash Flows

Abbreviation	Definition
RA	Risk adjustment
RAS	Risk Appetite Statements
RC	Remuneration Committee
RG	Review Group
RICS	Royal Institution of Chartered Surveyors
RIVM	Dutch Institute for Public Health and Environment
RM	Risk Management
RMF	Risk Management Framework
ROE	Return on Equity
RPA	Robotic Process Automation
RT1	Restricted Tier 1
RVO	Dutch Enterprise Agency
RVU	Early Retirement Regulation (*Regeling voor vervroegde uittreding*)
S&P	Standard & Poor's
SAA	Strategic Asset Allocation
SaaS	Software as a Service
SB	Supervisory Board
SBB	Share buyback
SBTi	Science-Based Targets initiative
SCC	Standard Contractual Clauses
SCR	Solvency Capital Requirement
SDGs	Sustainable Development Goals
SER	Dutch Social and Economic Council (*Sociaal Economische Raad*)
SF	Standard formula
SFCR	Solvency and Financial Condition Report
SFDR	Sustainable Finance Disclosure Regulation
SG	Steering Group
SIRA	Systematic integrity risk analysis
SLT	Similar to Life Techniques
SME	Small and medium-sized Enterprises
SOFR	Secured Overnight Financing Rate
SONIA	Sterling Overnight Index Average
SPPI	Solely Payment of Principle and Interest
SPV	Special purpose vehicle
SRA	Strategic risk analysis
SRI	Socially Responsible Investment
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Task Force on Nature-related Financial Disclosures

Abbreviation	Definition
TIBER	Threat Intelligence-Based Ethical Red team
TVOG	Time value of financial options and guarantees
TWD	New Taiwan Dollar
UFR	Ultimate Forward Rate
UK	United Kingdom
UN PRI	United Nations Principles for Responsible Investments
UNGC	United Nations Global Compact
UNGPs	The United Nations Guiding Principles on Business and Human Rights
UPO	Uniform Pension Statement
US	United States
USD	United States Dollar
UWV	Employee Insurance Agency
VA	Volatility Adjustment
VAT	Value Added Tax
VBDO	Dutch Association of Investors for Sustainable Development (*Vereniging van Beleggers voor Duurzame Ontwikkeling*)
VCS	Verified Carbon Standard
VFA	Variable fee approach
VKG	Van Kampen Groep
VNAB	Insurance Exchange Association (*Vereniging Nederlandse Assurantie Beurs*)
VPL	Act Early retirement and life-course savings scheme (*Wet aanpassing fiscale behandeling Vut/Prepensioen en introductie levensloopregeling*)
WCAG	Web Content Accessibility Guidelines
WEF	World Economic Forum
Wft	Financial Supervision Act (*Wet Financieel Toezicht*)
WG	Working Group
WGA	Resumption of work by Partially Disabled Persons
WHO FCTC	World Health Organisation Framework Convention on Tabacco
WIA	Work and Income according to Labour Capacity Act (*Wet Werk en Inkomen naar Arbeidsvermogen*)
WKO	Thermal energy storage (*Warmte Koude Opslag*)
WnP	Employee Pension (*Werknemers Pensioen*)

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9.3 GRI content index

Statement of use
a.s.r. has reported in accordance with the GRI Standards for the period starting on 1 January 2023 and lasting up to and including 31 December 2023.

GRI 2: General Disclosures 2021

1. The organisation and its reporting practices

GRI	Description	Disclosure Annual Report	Notes
2-1	Organizational details	7.1 Introduction	
2-2	Entities included in the organization's sustainability reporting	7.7.8 List of principal group companies and associetes 8.1 About this report	
2-3	Reporting period, frequency and contact point	8.1 About this report Contact details	Publication date 03 April 2024
2-4	Restatements of information	8.1 About this report	
2-5	External assurance	8.1 About this report 8.6 Independent auditor's report 8.7 Assurance report of the independent auditor	

2. Activities and workers

GRI	Description	Disclosure Annual Report	Notes
2-6	Activities, value chain and other business relationships	2.1 The story of a.s.r. 2.2 Value creation model 2.3 Business portfolio 2.4 Value chain model 2.6 Key stakeholders 3.1 Becoming the best insurer 3.2 Being a responsible investor	
2-7	Employees	6.3 Social	Omission, information unavailable. a.s.r. does not report about non-guaranteed hours employees because, in the case of a.s.r., this is not a standard employment contract. a.s.r. mainly has full time and part time employment contracts. a.s.r. will investigate whether the existing omission can be resolved before publication of the 2024 Annual Report.
2-8	Workers who are not employees		Omission, information unavailable. a.s.r. has an extensive network of intermediaries and subcontractors that fall under the GRI definition of 'workers'. It is not possible to report the requested information yet. a.s.r. will investigate whether the existing omission can be resolved before publication of the 2024 Annual Report.

3. Governance

GRI	Description	Disclosure Annual Report	Notes
2-9	Governance structure and composition	5.1 Corporate governance 5.2 Supervisory Board report	
2-10	Nomination and selection of the highest governance body	5.1 Corporate governance 5.2 Supervisory Board report	
2-11	Chair of the highest governance body	5.1 Corporate governance	
2-12	Chair of the highest governance body in overseeing the management of impacts	5.1 Corporate governance 5.2 Supervisory Board report	
2-13	Delegation of responsibility for managing impacts	5.1 Corporate governance 5.2 Supervisory Board report	
2-14	Role of the highest governance body in sustainability reporting	5.1 Corporate governance 5.2 Supervisory Board report	
2-15	Conflicts of interest	5.1 Corporate governance	
2-16	Communication of critical concerns	3.1 Becoming the best insurer 5.1 Corporate governance	
2-17	Collective knowledge of the highest governance body	5.1 Corporate governance	
2-18	Evaluation of the performance of the highest governance body	5.1 Corporate governance	
2-19	Remuneration policies	5.3 Remuneration report	
2-20	Process to determine remuneration	5.3 Remuneration report	
2-21	Annual total compensation ratio	5.3 Remuneration report 6.3 Social	

4. Strategy, policies and practices

GRI	Description	Disclosure Annual Report	Notes
2-22	Statement on sustainable development strategy	1 Message from the CEO 2.5 Key trends 2.6 Stakeholders and material topics	
2-23	Policy commitments	3.2 Being a responsible investor 3.5 Operating as a trusted company 3.7 Ensuring compliance	
2-24	Embedding policy commitments	3.2 Being a responsible investor 3.5 Operating as a trusted company 3.7 Ensuring compliance 5.1 Corporate governance	
2-25	Processes to remediate negative impacts	3.1 Becoming the best insurer 3.2 Being a responsible investor 3.3 Creating a vital and future-proof workforce 3.4 Informing the investor community 3.5 Operating as a trusted company 8.3 Materiality analysis and stakeholder dialogue	
2-26	Mechanisms for seeking advice and raising concerns	3.5 Operating as a trusted company 3.7 Ensuring compliance	
2-27	Compliance with laws and regulations	3.1 Becoming the best insurer 3.5 Operating as a trusted company 3.7 Ensuring compliance	
2-28	Membership associations	3.1 Becoming the best insurer 3.2 Being a responsible investor 3.5 Operating as a trusted company 8.1 About this report	

5. Stakeholders engagement

GRI	Description	Disclosure Annual Report	Notes
2-29	Approach to stakeholder engagement	2.6 Stakeholders and material topics 8.3 Materiality analysis and stakeholder dialogue	
2-30	Collective bargaining agreements	3.3 Creating a vital and future-proof workforce	

GRI 3: Material Topics 2021

General

GRI	Description	Disclosure Annual Report	Notes
3-1	Process to determine material topics	2.6 Stakeholders and material topics 8.3 Materiality analysis and stakeholder dialogue	
3-2	List of material topics	2.6 Stakeholders and material topics	

Material topic: Developing and promoting sustainable products/services, Meeting customer needs

GRI	Description	Disclosure Annual Report	Notes
3-3	Management of material topics	2.2 Value creation model 2.6 Stakeholders and material topics 3.1 Becoming the best insurer 3.2 Being a responsible investor 3.5 Operating as a trusted company 5.1 Corporate Governance	
417-1	Requirements for product and service information and labelling	3.1 Becoming the best insurer 3.2 Being a responsible investor	As a service provider in the insurance market, some of the information requested here is not relevant to a.s.r. No figures are reported on the proportion of products with a social or environmental impact.
417-2	Incidents of non-compliance concerning product and service information and labelling	3.1 Becoming the best insurer 3.2 Being a responsible investor 6.3 Social 7.7.6.1 General claims and disputes	
417-3	Incidents of non-compliance concerning marketing communications	3.1 Becoming the best insurer	

Material topic: Mitigating and adapting to the consequences of climate change

GRI	Description	Disclosure Annual Report	Notes
3-3	Management of material topics	2.3 Business portfolio 2.6 Stakeholders and material topics 3.1 Becoming the best insurer 3.2 Being a responsible investor 3.5 Operating as a trusted company 5.1 Corporate goverance 6.2 Environmental	
302-1	Energy consumption within the organization	3.5 Operating as a trusted company 6.2 Environmental	
302-2	Energy consumption outside of the organization	3.5 Operating as a trusted company 6.2 Environmental	
302-3	Energy intensity	3.5 Operating as a trusted company 6.2 Environmental	
302-4	Reduction of energy consumption	3.5 Operating as a trusted company 6.2 Environmental	
302-5	Reductions in energy requirements of products and services	3.1 Becoming the best insurer 3.2 Being a responsible investor	
305-1	Direct (Scope 1) GHG emissions	3.5 Operating as a trusted company 6.2 Environmental	
305-2	Energy indirect (Scope 2) GHG emissions	3.5 Operating as a trusted company 6.2 Environmental	
305-3	Other indirect (Scope 3) GHG emissions	3.1 Becoming the best insurer 3.2 Being a responsible investor 3.5 Operating as a trusted company 6.2 Environmental	
305-4	GHG emissions intensity	3.5 Operating as a trusted company 6.2 Environmental	
305-5	Reduction of GHG emissions	3.5 Operating as a trusted company 6.2 Environmental	
305-6	Emissions of ozone-depleting substances (ODS)		Omission, not applicable. Given a.s.r.'s business activities, emissions of ozone-depleting substances (ODS) are not material for a.s.r.
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Omission, not applicable. Given a.s.r.'s business activities, nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions are not material for a.s.r.

At a glance
Message from the CEO
Business and strategy
How a.s.r. operates
Business performance
Governance
Non-financial statements
Financial statements
Additional information
Appendix
Glossary
Abbreviations
GRI content index
TCFD recommendations
TNFD recommendations
EU Directive 2014/95/EU
Contact details

Material topic: Biodiversity and ecosystem services

GRI	Description	Disclosure Annual Report	Notes
3-3	Management of material topics	2.6 Stakeholders and material topics 3.5 Operating as a trusted company 3.6 Managing risks 5.1 Corporate goverance 6.2 Environmental	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.2 Environmental	
304-2	Significant impacts of activities, products and services on biodiversity	6.2 Environmental	
304-3	Habitats protected or restored	6.2 Environmental	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	6.2 Environmental	Omission, not applicable. a.s.r. protects habitats and does not focus on specific IUCN Red List species.

Material topic: Socially responsible investments

GRI	Description	Disclosure Annual Report	Notes
3-3	Management of material topics	2.3 Business portfolio 3 How a.s.r. operates 4 Business performance 5.1 Corporate goverance 7 Financial statements	
203-1	Infrastructure investments and services supported	3.1 Becoming the best insurer 3.2 Being a responsible investor	
203-2	Significant indirect economic impacts	3.1 Becoming the best insurer 3.2 Being a responsible investor 3.5 Operating as a trusted company	

Material topic: Supporting vitality

GRI	Description	Disclosure Annual Report	Notes
3-3	Management of material topics	2.2 Value creation model 2.6 Stakeholders and material topics 3.1 Becoming the best insurer 3.3 Creating a vital and future-proof workforce 5.1 Corporate goverance	

Material topic: Contributing to financial self-reliance

GRI	Description	Disclosure Annual Report	Notes
3-3	Management of material topics	2.2 Value creation model 2.6 Stakeholders and material topics 3.1 Becoming the best insurer 3.2 Being a responsible investor 3.5 Operating as a trusted company 5.1 Corporate Governance 8.3 Materiality analysis and stakeholder dialogue	
413-1	Operations with local community engagement, impact assessments, and development programs	2.6 Stakeholders and material topics 3.1 Becoming the best insurer 3.2 Being a responsible investor 3.5 Operating as a trusted company	Omission, not applicable
413-2	Operations with significant actual and potential negative impacts on local communities		Omission, not applicable a.s.r. has no operations with significant actual and potential negative impacts on local communities.

Material topic: Fostering diversity and inclusion

GRI	Description	Disclosure Annual Report	Notes
3-3	Management of material topics	2.2 Value creation model 2.6 Stakeholders and material topics 3.3 Creating a vital and future-proof workforce 3.7 Ensuring compliance 5.1 Corporate Governance 6.3 Social	
405-1	Diversity of governance bodies and employees	6.3 Social	
405-2	Ratio of basic salary and remuneration of women to men	3.3 Creating a vital and future-proof workforce 6.3 Social	
406-1	Incidents of discrimination and corrective actions taken	3.7 Ensuring compliance 6.3 Social	

Material topic: Contributing to (sustainable) employability

GRI	Description	Disclosure Annual Report	Notes
3-3	Management of material topics	2.2 Value creation model 2.6 Stakeholders and material topics 3.3 Creating a vital and future-proof workforce 5.1 Corporate goverance 6.3 Social 8.3 Materiality analysis and stakeholder dialogue	
401-1	New employee hires and employee turnover	3.3 Creating a vital and future-proof workforce 6.3 Social	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Omission, not applicable a.s.r. makes no distinction between full-time and part-time employees. All benefits are laid down in the CLA that applies to every a.s.r. employee.
401-3	Parental leave	6.3 Social	Omission, information incomplete. Parental leave is part of a.s.r.'s CLA. Detailed information for the return to work is not available. Systems and reports need to be developed or adapted to report the requested information.
404-1	Average hours of training per year per employee	3.3 Creating a vital and future-proof workforce 6.3 Social	
404-2	Programs for upgrading employee skills and transition assistance programs	3.3 Creating a vital and future-proof workforce	
404-3	Percentage of employees receiving regular performance and career development reviews	3.3 Creating a vital and future-proof workforce 6.3 Social	

Material topic: Robust financial framework

GRI	Description	Disclosure Annual Report	Notes
3-3	Management of material topics	2.3 Business portfolio 3 How a.s.r. operates 4 Business performance 7 Financial statements	
201-1	Direct economic value generated and distributed	2.7 Strategic targets 3.4 Informing the investor community 7.2 Consolidated financial statements	
201-2	Financial implications and other risks and opportunities due to climate change	3.6 Managing risks 3.5 Operating as a trusted company 3.6 Managing risks 6.2 Environmental 7.8 Risk management	
201-3	Defined benefit plan obligations and other retirement plans	3.3 Creating a vital and future-proof workforce 7.5 Notes to the consolidated balance sheet	
201-4	Financial assistance received from government		Omission, not applicable. a.s.r. does not receive any financial assistance from government.
207-1	Approach to tax	3.5 Operating as a trusted company	
207-2	Tax governance, control, and risk management	3.5 Operating as a trusted company 7.11 Company financial statements	
207-3	Stakeholder engagement and management of concerns related to tax	3.5 Operating as a trusted company 8.3 Materiality analysis and stakeholder dialogue	
207-4	Country-by-country reporting	2.3 Business portfolio	a.s.r. operates solely in the Dutch market.
415	Political contributions	3.7 Ensuring compliance	

9.4 TCFD recommendations

TCFD recommendations

TCFD Recommended Disclosures		Annual Report reference	Climate- and biodiversity Report 2023 reference
Governance	a. Describe the board's oversight of climate related risks & opportunities	5.1, 6.2.1	3.5
	b. Describe management's role in assessing and managing climate-related risks & opportunities	3.6, 5.1, 6.2.1, 7.8	3.5
Strategy	a. Describe the climate-related risks & opportunities the organisation has identified over the short, medium, and long-term	3.6, 6.2.1, 7.8	2, 3, 4
	b. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy & financial planning	3.6, 6.2.1, 7.8	2, 3, 4
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including two-degree or lower scenarios	6.2.1	4
Risk management	a. Describe the organisation's processes for identifying and assessing climate-related risks	3.6, 7.8	4.2
	b. Describe the organisation's processes for managing climate-related risks	3.6, 6.2.1, 7.8	4.3
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated in the organisation's overall risk management	3.6, 7.8	4
Metrics & targets	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	2.6, 2.7, 3.6, 6.2.1	3.3, 4
	b. Disclose Scope 1, Scope 2, and, if appropriate Scope 3 greenhouse gas (GHG) emissions, and the related risks	3.5, 6.2.1	5.5
	c. Describe the targets used by the organisation to manage the climate-related risks and opportunities and performance against targets	2.6, 2.7, 3.1, 3.2, 6.2.1	3.3

9.5 TNFD recommendations

TNFD recommendations

TNFD Recommended Disclosures		Annual Report reference	Climate- and biodiversity Report 2023 reference
Governance	a. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	5.1, 6.2	3.5
	b. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities .	3.6, 5.1, 6.2	3.5
	c. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	n/a	n/a
Strategy	a. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term .	6.2.2	6.3
	b. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	6.2.2	6.3
	c. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios	n/a	n/a
	d. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	n/a	6.3
Risk management	a(i). Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	3.6, 6.2.2	6.3
	a(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	6.2.2	6.3
	b. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	6.2.2	6.3
	c. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	3.6, 6.2.2	6.3
Metrics & targets	a. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process	6.2.2	6.3
	b. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	6.2.2	6.3
	c. Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	6.2.2	6.3, 6.4

9.6 EU Directive 2014/95/EU

Reference table of the EU Directive 2014/95/EU on the disclosure of non-financial and diversity information by certain large undertakings and groups

Topic	Subtopic	Included	Chapter reference
Business model	-	Yes	Chapter 2.2, 2.3, 2.6
Relevant social and personnel matters (e.g. HR, safety etc.)	A description of the policies pursued, including due diligence.	Yes	Chapter 3.3
	The outcome of those policies.	Yes	Chapter 3.3
	Principle risks in own operations and within value chain.	Yes	Chapter 2.5, 3.5, 3.6, 7.8
	How risks are managed.	Yes	Chapter 3.6, 7.8
	Non-financial key performance indicators.	Yes	At a glance, Chapter 2.6, 2.7, 3.3, 6.3
Relevant environmental matters (e.g. climate-related impacts)	A description of the policies pursued, including due diligence.	Yes	Chapter 3.1, 3.2, 4.2, 4.4, 6.2
	The outcome of those policies.	Yes	At a glance, Chapter 2.6, 2.7, 3.1, 3.2, 3.5, 6.2
	Principle risks in own operations and within value chain.	Yes	Chapter 2.5, 3.6, 6.2, 7.8
	How risks are managed.	Yes	Chapter 3.6, 6.2, 7.8
	Non-financial key performance indicators.	Yes	At a glance, Chapter 2.6, 2.7, 3.1, 3.2, 6.2
Climate change	A description of the policies pursued, including due diligence.	Yes	Chapter 3.1, 3.2, 3.5, 6.2
	The outcome of those policies.	Yes	At a glance, Chapter 2.6, 2.7, 3.1, 3.2, 3.5, 6.2
	Principle risks in own operations and within value chain.	Yes	Chapter 2.5, 3.5, 3.6, 6.2, 7.8
	How risks are managed.	Yes	Chapter 3.5, 3.6, 6.2, 7.8
	Non-financial key performance indicators.	Yes	At a glance, Chapter 2.6, 2.7, 3.1, 3.2, 6.2
Relevant matters with respect for human rights (e.g. labour protection)	A description of the policies pursued, including due diligence.	Yes	Chapter 3.1, 3.2, 3.3, 3.5, 5.4
	The outcome of those policies.	Yes	Chapter 3.1, 3.2, 3.3, 3.5, 5.4, 6.3
	Principle risks in own operations and within value chain.	Yes	Chapter 2.5, 3.5, 3.6, 3.7, 7.8
	How risks are managed.	Yes	Chapter 3.3, 3.5, 3.6, 3.7, 6.2, 7.8
	Non-financial key performance indicators.	Yes	Chapter 2.6, 3.3, 3.5, 6.3
Relevant matters with respect to anti-corruption and bribery	A description of the policies pursued, including due diligence.	Yes	Chapter 3.1, 3.7, 5.1
	The outcome of those policies.	Yes	Chapter 3.7
	Principle risks in own operations and within value chain.	Yes	Chapter 3.7
	How risks are managed.	Yes	Chapter 3.1, 3.7
	Non-financial key performance indicators.	Yes	Chapter 3.7
Insight into the diversity (EB and the SB)	A description of the policies pursued.	Yes	Chapter 3.3, 5.1, 5.2
	Diversity targets.	Yes	Chapter 2.6, 3.3, 5.1, 5.2
	Description of how the policy is implemented.	Yes	Chapter 3.3, 5.1, 5.2
	Results of the diversity policy.	Yes	Chapter 2.6, 3.3, 5.1, 5.2, 6.3

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Contact details

Contact

a.s.r. likes to receive feedback or questions from stakeholders on the Annual Report. If you want to give a.s.r. feedback, please feel free to contact us.

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