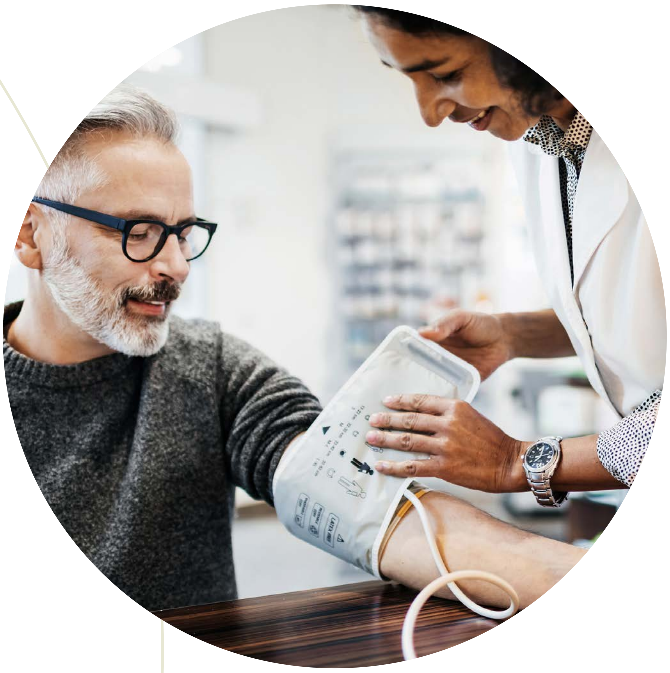
TAX TRANSPARENCY REPORT

2022



achmea

INTRODUCTION

This is Achmea's 2022 Tax Transparency Report, offering additional insights and commentary on Achmea as a taxpayer. In the first chapter of this report, we illustrate how we act as a responsible taxpayer on the basis of our tax policy. In the following chapter, we explain how we ensure that we behave in accordance with this policy and how we manage our tax risks. In chapter three, we provide an insight into our tax position and show how much tax we pay in the countries in which we operate, putting the Global Reporting Initiative 207: Tax Disclosure and the VNO-NCW Tax Governance Code into practice.

Achmea stands for Duurzaam Samen Leven (our vision of working sustainably together). We aim to have a sustainable and inclusive society in which we live alongside one another amicably and nobody feels excluded. Paying tax is one of the pillars that supports a sustainable society. Achmea therefore wants to be a responsible taxpayer, who is transparently accountable for its role as a taxpayer. We give shape to this in this 2022 Tax Transparency Report.

Michel Lamie

Vice-chair of the Executive Board, CFO

Erik Michielsens

Tax Director

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1. ACHMEA'S TAX POLICY

For and with customers
Achmea has been here for and with customers for two hundred and ten years. Rooted in the concept of solidarity, we believe that you achieve more together than alone.

Society
As one of the largest financial service providers in the Netherlands, we are conscious of our role in society. Together we can tackle major social challenges in the areas of health, mobility, living and work and income.

Responsible taxpayer
Given our roots and our role in society, we are naturally motivated to be a responsible taxpayer. This means that we promptly file all our tax returns correctly and fully and pay the tax that we owe on time. If we discover that a tax return was not correct, it is rectified and we then pay the right amount of tax.

As a responsible taxpayer we obey the tax laws and regulations in every country where we operate, respecting the intent and the spirit of the rules. We take the substance of a transaction as the guiding principle, with profits being taxed where the profitable activity takes place. We also take account of overarching international regulations, such as OECD guidelines and EU directives.

Relationship with the tax authorities
We set great store by a sound and open relationship with the tax authorities. Sometimes, the law and the way it should be interpreted is not entirely clear. This can lead to negotiations with the tax authorities on the amount of tax payable. In such circumstances we present all the facts and figures to the tax authorities together with our interpretation and arguments, inviting them to put their case. In turn, we expect the tax authorities to be open and transparent in their response in a way that reflects a reasonable interpretation of the law and that respects Achmea's rights and obligations as a taxpayer.

Tax planning
The basic principle is that our profits are subject to a fair rate of tax. We do not engage in transactions whose main aim is to reduce the tax burden. For example, we do not operate in jurisdictions because they have a favourable tax regime or because they do not exchange tax information. We also shun transactions that are essentially designed to enable third parties to avoid tax. We do not offer our customers transactions designed principally for tax avoidance.

We do not, however, wish to incur unnecessary tax expense. If tax law offers an intentional tax break we will take the opportunity to save tax. Some transactions may lead to double taxation on profits and we want to prevent tax being levied more than once.

Types of tax
Our tax policy extends to all types of tax. The disclosures on our tax position in the financial statements relate to corporate income tax but there are other taxes that we have to deal with. These include payroll taxes, VAT and insurance tax. This applies not only to taxes on Achmea itself but also to taxes Achmea remits on behalf of third parties.

Tax risk management
Our Tax Control Framework (TCF) is part of the Achmea Control Framework and covers the entire package of policies, procedures, methods, controls and organisational measures concerned with Achmea's tax affairs. The purpose of the TCF is to manage tax behaviour at Achmea, monitor tax-related processes, support management in managing tax exposures and ensure that correct returns are filed for all taxes and that the tax due is paid, in full and on time.

Transparency
We set great store by openness and transparency in tax matters and so we publish information on this in accordance with relevant national regulations and reporting requirements and standards, including EU-IFRS, Solvency II and GRI 207[1].

Broad support
Achmea's tax policy has been approved by Achmea's Executive Board. The policy is made known throughout the organisation so that we act in accordance with it.

1. Global Reporting Initiative Tax Disclosure 207.

2. IMPLEMENTATION OF THE TAX POLICY

A. ASSESSMENT OF THE TAX POLICY

The tax policy is our 'moral compass on taxes'. Among other things it states what we understand as 'paying tax responsibly', when we regard tax planning as justified or not justified and how we regard the relationship with the tax authorities. The policy is made known throughout the organisation, both in the Netherlands and abroad, in order that we act in accordance with it.

The basic point is that we comply with tax laws and regulations and our tax policy. Tax Affairs is in charge of ensuring that we actually do this and are a responsible taxpayer.

Assessment framework

Our tax policy is assessed using the following objective questions:[2]

1. Does the transaction have a genuine commercial purpose, other than achieving a current or future tax benefit?
2. Is the transaction, or a combination of transactions, not such that form is selected above content to achieve a tax benefit?
3. Can the tax position be expected to stand up to legal scrutiny with a favourable outcome on the basis of an interpretation of appropriate national and international tax laws (NB: the tax position can at least be defended)?
4. Would the planned transaction or structure be implemented irrespective of whether the relevant tax authorities know all the facts and circumstances?

If these four questions cannot all be answered in the affirmative, the transaction has to be reconsidered and/or alternatives have to be examined. The above assessment framework does not mean that a transaction does not by definition fit the tax policy. Additional attention must, however, be given to its social acceptability.

In addition to the objective questions, the following subjective question must be considered:

5. Are there other reasons to assume that policymakers or relevant stakeholders would regard the tax position as unacceptable?

The answer to this subjective question can give further definition to the degree of acceptance or non-acceptance of the tax position and be included when deciding on the applicability of the tax policy to the proposed transaction.

B. TAX RISK MANAGEMENT

Tax risk

Tax risk is the risk of adverse effects from not being able to comply fully with all conditions/principles in the tax policy. This effect could, for example, arise because we pay too little or too much tax, or pay late, or because penalties become payable for not meeting our obligations or meeting them late, but also because our reputation is damaged.

Structure of Achmea's tax department

General responsibilities within the Achmea organisation are set out in in the Organisational and Management Guidelines (Hoofdlijnen van Organisatie en Besturing - HvOB). Under the HvOB, the boards within Achmea Group (where appropriate under supervision of a supervisory board) have complete responsibility for tax and other policies and their implementation, tax reporting, risk management and compliance.

The HvOB states that the Executive Board can issue instructions on the policy to be followed and that the relevant board must follow those instructions. Achmea's Tax Policy and the Tax Charter are examples of such designated group policy.

To ensure a practical bundling of expertise, Achmea has delegated various activities to staff service departments and the tax function is performed centrally by Tax Affairs. As a policy-making department, Tax Affairs is part of Group Finance and reports to the Head of Group Finance, the CFO and Achmea's Executive Board. In general terms, Tax Affairs is responsible for thorough knowledge of current and proposed tax legislation and insight into its impact on Achmea. It deploys this knowledge internally and externally (in particular with the tax authorities) to ensure that Achmea has a sound and manageable tax position.

Tax Affairs' responsibility encompasses a chain-management role. This role means that Tax Affairs manages the entire tax process (the chain): recording the necessary data in the source systems up to and including submission of correct and full returns on time. Tax Affairs thus has first-line responsibility for

2. These questions are based on the assessment framework for Tax Principles drawn up by the Dutch Association of Tax Advisers.

2. IMPLEMENTATION OF THE TAX POLICY

managing the Tax Control Framework ('TCF') and monitors the quality of information provided by the business segments.

The Tax Affairs department is managed by the Tax Director and is made up of teams by type of tax:

- Tax Accounting & Compliance;
- Corporate Income Tax (CIT) Advice;
- VAT & Insurance tax; and
- Payroll tax and national insurance contributions & information reporting.

The teams and their current duties and responsibilities are outlined below.

Tax Accounting & Compliance

The Tax Accounting & Compliance team is responsible for the accurate presentation of tax positions and results for tax purposes in the financial statements and other reporting (including Solvency II). The team also has first-line responsibility for preparing and submitting corporate income tax returns. It has a chain-management role with respect to the structure of the operational and compliance processes at the business segments that provide information.

CIT Advice

The CIT Advice team has a first-line corporate income tax advisory role towards the business segments. It highlights and advises at the strategic, tactical and operational level, on its own initiative and on request, on:

- optimising the tax burden within the boundaries of the tax policy;
- using tax opportunities and guarding against risks; and
- structuring processes, services and products to meet tax laws and regulations.

VAT & Insurance tax

This team has a first-line advisory role focusing on VAT and insurance tax. The team also has a chain-management role in the VAT and insurance tax returns process focusing on the correctness and completeness of the return.

Payroll tax and national insurance contributions & information reporting

The Payroll tax and national insurance contributions & information reporting team has a first-line advisory role towards the business segments in respect of payroll tax, national insurance contributions and information reporting. The team also has a chain-management role for processes for reporting information to the tax authorities and for payroll tax and national insurance contribution returns, advising on the proper structure of the operational and compliance processes to meet the tax requirements.

The role and responsibility of Tax Affairs departs from the above outline in the case of the large cash flows that Achmea manages for third parties and the operating companies (OpCos) abroad. As explained below, in these situations Tax Affairs focuses on compliance with tax policy although the operating company involved has actual responsibility for this.

Large cash flows for third parties

With respect to services, some business segments differentiate between small cash flows (those relating to Achmea's resources, income and expenses) and large cash flows (those relating to the resources, income and expenses of customers of those business segments). These large cash flows do not affect Achmea's tax position or its resources. Achmea does, however, run a potential reputational risk with respect to these large cash flows and so the tax policy also applies to them. The business segments concerned are responsible for complying with tax laws and the tax policy. This is reviewed using the TCF. Tax Affairs has responsibility for managing the set up, maintenance and review of this TCF.

Foreign operating companies (OpCos)

The policy and procedures with respect to the foreign OpCos are developed in the Group Tax Policy OpCos. The starting point for that policy is that the Achmea's Tax Policy is leading in all circumstances. Tax Affairs supervises compliance with the tax policy, supports and advises local first-line management (for example, on the structure of the TCF) and coordinates and monitors whether management actually takes responsibility. Tax Affairs ensures that the Group Tax Policy OpCos is reviewed annually and amended as necessary.

Cooperation and reporting within the group

The following criteria are used within our tax governance:

- Tax Affairs is responsible for the work of the tax function;
- the board's responsibility for the tax function under the articles of association applies in full;
- various parts of the organisation are charged with implementation of operational activities of the tax function (primary processes);
- process owners are also owners of residual tax risks and the associated controls within those processes;
- Tax Affairs manages the tax position from the group perspective, including identifying risks and monitoring activities;

2. IMPLEMENTATION OF THE TAX POLICY

- Tax Affairs notifies the business segments and provides binding guidance on tax policy, procedures, systems and controls;
- the Tax Director is the primary contact for tax matters, internally (Executive Board, boards, staff services/services, etc.) and externally (tax authorities, DNB, auditor, etc.).

Tax Affairs enters into Service Level Agreements with the relevant group operating companies. It also holds regular meetings (in addition to ad hoc discussions) with the financial management of those companies. The Service Level Agreements are reviewed each year with the management of the relevant operating companies.

Tax matters with considerable significance (financial/reputational) are discussed with the Head of Group Finance and Achmea's CFO. The Head of Group Finance and the CFO examine the corporate income tax return in detail each year before it is submitted.

Tax Affairs prepares a quarterly report, including a commentary on the group's tax position, key areas of attention and risks for tax, returns that have been prepared and submitted and the current position with respect to tax dossiers with high materiality or possible reputational impact. The report also refers to possible effects of announced and/or expected legislation/regulations and case law. Finally, Tax Affairs reports on policy, advice, management of the TCF and monitoring of controls. This report is discussed by the Executive Board (each quarter) and the Audit & Risk Committee (at least once a year).

As part of these services, Tax Affairs has the objective of raising awareness of tax throughout the group, not just at management level but at all levels within the organisation. As well as on-going assessment of the implementation of the tax policy, this may be through internal sessions during which knowledge is shared and explained and by discussing ethical dilemmas.

Risk appetite

The risk appetite is our attitude to taking risks and an indication of our willingness to accept a high or low level of risk. The basis for this is that we act in accordance with legislation and regulations and within the tax policy and Achmea's risk appetite.[3] There is a low risk appetite with respect to tax for both financial and non-financial risks (internal control, compliance and reputation). Our tax policy is designed such that Achmea complies with the letter and the spirit of the law. As a multinational business with a range of activities, however, we are inherently exposed to potential tax risks. We record those risks in the tax risk register and attempt to minimise them, in part by performing periodic ORAs[4] and SIRAs.[5]

We distinguish between gross and net risks. Gross risks are expressed as a score based on the probability of a risk occurring multiplied by the impact on our reputation. A gross risk is a risk without the effect of control measures being taken into account; that is to say, the risk before control measures have been implemented. A net risk is a risk after the effect of control measures has been taken into account; that is to say, the risk after control measures have been implemented. These control measures are included in our TCF. Additional control measures have to be established if the net risk exceeds our risk appetite. Any identified breaches are rectified in accordance with the incident policy. A provision is formed for tax risks and uncertainties with possible financial consequences if there is a greater than 50% likelihood of them occurring.[6]

Risk management

Our governance structure is based on the 'three lines model'. The line organisation (the first line) has primary responsibility for risk management. The first line is supported by the second line which also monitors implementation by the first line. The third line supplements this by regularly testing and reporting on the effectiveness of internal controls, governance and risk management.[7]

3. See also page 143 et seq. of the Achmea Annual Report 2022
4. ORA: Operational Risk Assessment
5. SIRA: Systematic Integrity Risk Analysis
6. See also page 15 Tax provisions
7. See also page 142 of the Achmea Annual Report 2022

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The first-line role for tax risk management is performed by Tax Affairs. The first-line risk management role for payroll tax and national insurance contributions and information reporting is in the business segments. The internal control on the tax function is set out in the TCF, which describes the entirety of our taxation policy, procedures, methods, controls and organisational measures. The operating company has final responsibility for applying the controls in this framework. Tax Affairs is responsible for managing the TCF and monitors the quality of the information provided by the business segments. The TCF and the controls in place may indicate a shortcoming or inadequate quality. If so, Tax Affairs and the business segment concerned keep each other up to date. Tax Affairs performs the management role to resolve such findings. To this end, Tax Affairs provides binding advice on its own initiative or on request.

The basic assumption is that all tax-related matters are settled internally and all qualifications and competencies are available for this at Tax Affairs. From the risk management viewpoint, additional tax support is brought in if:

- a specific competence is not or not sufficiently available for a short period;
- a subject-specific technical review is needed with respect to external stakeholders.

The second-line function is performed by Achmea's Compliance department. The second line supports Tax Affairs in performing strategic, tactical and operational risk analyses. Risk assessments (ORAs) of Tax Affairs' tax processes and activities are carried out at least once every three years. The SIRA is performed annually. Further to the assessments, key risks and key controls are established and they are tested and reported on each quarter. Test results on the checks and controls and management measures in place for ongoing tax work are monitored each quarter by Compliance and discussed with Tax Affairs. Improvements are implemented.

The third-line role is performed by Internal Audit. If the internal audit report includes points for improvement, they are followed up by Tax Affairs. Progress on these improvements is monitored and reported in quarterly reports to the Executive Board and the Audit & Risk Committee.

Whistleblower's scheme

It is important to us that events that breach the frameworks of the tax policy within or by the organisation can be reported in a trusted environment. Consequently, our general whistleblower's regulations apply. The regulations are available on Achmea's website.[8]

C. STAKEHOLDER ENGAGEMENT

Our approach is to create sustainable value for customers, employees, business partners, shareholders and regulators. We live in a rapidly-changing environment and so the relationship with our stakeholders is also evolving continuously and we regularly offer new products and services to respond to new situations. Every change can have consequences for our and our customers' taxes and so Tax Affairs is in close contact with the business segments to ensure that our stakeholders' tax positions are monitored.

A good relationship with regulators such as the Tax and Customs Administration is essential. In the Netherlands, we are in permanent, transparent and up-to-date communication with the Tax and Customs Administration for this. Since 2020 we have been in the 'Top 100' and so covered by the renewed monitoring protocol of the Tax and Customs Administration, which, consequently, draws up an Individual Supervision Plan (ITP) each year. The ITP is a further step in Horizontal Monitoring for the top 100 for-profit businesses in the Netherlands. Key to the ITP is the information to be provided by Achmea, the monitoring work of the Tax and Customs Administration and the professional working relationship between us and the Tax and Customs Administration. That working relationship is based on mutual respect, transparency and trust and part of it is that Tax Affairs and the Tax and Customs Administration frequently discuss all types of tax. Progress and the contents of current dossiers are addressed during these discussions. If a difference of opinion arises on the interpretation of a point of law, we try to reach agreement with the Tax and Customs Administration on the tax consequences. There is at least one meeting per year at the highest management level. We aim for an open and constructive dialog with the local tax authorities and other government bodies in all the countries where we operate.

Tax Affairs also maintains direct or indirect contact with other regulators, including DNB and the external auditor. Tax Affairs

8. https://www.achmea.nl/-/media/achmea/documenten/duurzaam/klokkenluiderregeling-achmea.pdf

2. IMPLEMENTATION OF THE TAX POLICY

assists other departments with information requests from DNB on Solvency II reporting. Support for the tax position in full year and interim financial statements is discussed in detail with the external auditor.

To maintain good connections with the industry, we participate in the tax committees of various umbrella organisations such as the Dutch Association of Insurers (VvV), Dufas[9], the Confederation of Netherlands Industry and Employers (VNO-NCW) and Zorgverzekeraars Nederland. Tax Affairs staff must maintain their membership of professional bodies (such as the Dutch Association of Tax Advisers and Register Belastingadviseurs). Achmea is also a member of various tax benchmarks such as those of the "Eerlijke Verzekeringswijzer" and VBDO.[10]

Through the umbrella organisations, we also speak to ministries and the Tax and Customs Administration to determine sustainable and relevant legislation and regulations to be implemented for all parties in the future.

As one of the largest businesses in the Netherlands, we are a member of VNO-NCW, which has drawn up a Tax Governance Code for listed companies. Achmea is committed to that Code. Staff of Tax Affairs are also required to comply with the codes of conduct of their professional bodies.

D. RELATIONSHIP WITH THE BUSINESS/ SUSTAINABILITY

Each year the Tax Policy is assessed and, if there are any amendments, adopted by the Executive Board. In this way we can ensure that the assumptions and principles in the policy remain in line with the company's values and strategy.

We want to contribute to a healthy, safe and future-proof society. Paying tax is an important pillar that supports a sustainable society and so it goes without saying that we meet all our tax obligations. This is the heart of our tax policy.

In other areas too, we play a role in tackling social challenges. For example, we co-founded the Werkcode Uitgangspunten voor het realiseren van één arbeidsmarkt voor alle werkenden, a code to create a single labour market for everyone. In our opinion, the decisions that we make on being a good employer and good commissioner of work contribute to the positive performance of the role of a responsible taxpayer not only for Achmea but also for the flexible workers and their organisations and the self-employed people we work with.

Sustainability is a major theme for us. This can be seen in part in the inclusion of a net climate budget of €2,500 available to our employees in the collective labour agreement (CAO) for 2022 and 2023. We will bear any tax consequences so that all employees can take a step towards sustainability.

E TAX PLANNING

Achmea uses the following major criteria for tax planning.

A. Profit must be taxed at a responsible rate:
   we do not use structures whose main purpose is to reduce the effective tax burden. This means, for example, that we do not operate in jurisdictions because they have a favourable tax regime or because they do not exchange tax information. We apply the arm's length principle in accordance with OECD guidelines, taking account of local legislation. This also means that if we are involved in transactions in or through developing countries, they may not create lower tax remittances in those countries.
B. The substance of a transaction is leading:
   profits are taxed where the profit-generating activity occurs.

Section 2.a explains how transactions are assessed against Achmea's tax policy using an established assessment framework.

Our policy on tax remittance is based on these criteria. In some circumstances and provided that we satisfy the formulated criteria, we may operate in a country with low tax rates (tax haven). The fact that a proposed transaction passes through a country on a blacklist can, however, be a reason to reconsider it. The blacklist actively used in our monitoring is the list of non-cooperative and low tax jurisdictions compiled by the EU.[11]

Within the context of our criteria, we do not want to incur unnecessary tax expense, such as double taxation of the same

9. Dutch Fund and Asset Management Association
10. Vereniging van Beleggers voor Duurzame Ontwikkeling.
11. https://taxation-customs.ec.europa.eu/common-eu-list-third-country-jurisdictions-tax-purposes_en

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income. If legislation offers an intentional tax break we will use it. This may be in the form of a tax benefit or a different type of subsidy or government incentive.

F. INNOVATION

Change and renewal are key words at Achmea. This means that we take a fresh look at everything in our processes concerned with tax.

Tax Affairs is working on extensive automation of the tax processes to avoid manual intervention as far as possible both in the management role for processes at the business segments and with respect to its own processes. The accuracy and completeness of source date are a requirement for this. The automatic processes must be defined, transparent and auditable. It is essential for paying the right amount of tax to know and understand how information and data flow through the chain and what the tax-critical elements of these are. Consequently, more and more Tax Affairs staff have specific data analytics know-how.

3. TAX DEVELOPMENTS IN 2022

3.1 DEVELOPMENTS AND AMENDED LEGISLATION

Tax audits, agreement and risk management

- In 2022 Internal Audit (third line) performed assurance engagements on VAT and dividend and withholding tax in the Netherlands. Internal Audit also examined taxes at our largest operating companies abroad (Greece, Turkey and Slovakia). Any improvements suggested by these audits are being followed up.
- The principal returns for VAT, insurance tax, dividend tax and payroll tax and national insurance contributions were submitted and the amounts owed were paid on time in 2022.
- In 2022 we presented and explained the Tax Control Framework for payroll tax and national insurance contributions on amounts paid to people insured with Achmea Pensioen- en Levensverzekeringen N.V. to the Tax and Customs Administration. No questions were raised. Furthermore, that company has made considerable progress on action relating to reporting information to the tax authorities. All mandatory reports for 2022 and adjustments relating to previous years were carried out by the year-end.
- In 2022 agreement was reached with the Tax and Customs Administration on the system and the results for pro rata deduction of VAT for the years 2015 to 2021.
- Achmea committed to the VNO-NCW Tax Governance Code in 2022. Under the Code, tax risks and adherence to the tax strategy and principles have to be reported to the Executive Board at least once a year. The degree of compliance with the principles of the Code is monitored each year (in coordination with the Compliance department). We currently comply with almost all of the principles of the Code (see the appendix).
- In part given our commitment to the Tax Governance Code (and the GRI 207 tax standard), Achmea has published the underlying Tax Transparency Report since 2022. To the greatest extent, the report meets the regulations set out in the Code and thanks to the report we also rose over forty places to 9th in the VBDO's annual Tax Transparency Benchmark.
- At the end of 2022, the Tax and Customs Administration shared the new version of the Individual Supervision Plan (ITP 2023) in which it reflects on the results of the first ITP and sets out its action points and planning for 2023. The Tax and Customs Administration expressed its appreciation for the steps taken by Achmea in recent years.

Regulations and case law

- With effect from 1 January 2023, Achmea is applying IFRS 9 and IFRS 17 and this has led to changes in the accounting policies for financial instruments and insurance contracts respectively. Initial application of these standards has significantly affected Achmea's consolidated financial statements because of the different treatment of the measurement, presentation and determination of results for both insurance contracts and a large proportion of the financial instruments. Partly because of the decisions made by Achmea, the introduction of the new standards brings greater volatility in the measurement of financial instruments and insurance obligations and in the reported results because of changes in market circumstances. We are discussing the consequences of the introduction of IFRS 9 and IFRS 17 for the measurement policies in the tax return with the Tax and Customs Administration.
- The Act on the elimination of mismatches in the application of the arm's length principle (Wet tegengaan mismatches bij toepassing zakelijkheidsbeginsel) came into effect on 1 January 2022. In certain circumstances, this Act can lead to an adjustment to the taxable result on transactions between related companies. At Achmea, the new regulations mean higher taxation because of the annual recharge of costs of the headquarters and group service departments by the holding company to exempt healthcare insurers within Achmea.
- A liquidation loss was included in the corporate income tax return for 2019 in connection with the liquidation of Achmea's Irish subsidiaries. The Tax and Customs Administration has taken the view that the loss cannot be deducted because of the application of the Irish group relief rules. We believe that the law only prohibits deducting a liquidation loss if residual losses of the dissolved entity can still be utilised in some other way. The advice of the Advocate General (AG) to the Dutch Supreme Court in a very similar case was published on 29 April 2022. In the conclusion, the AG followed the position of the Tax and Customs Administration. In our opinion, the AG's conclusion is not in line with the aim and purpose of law as expressed in the parliamentary history. The corporate income tax assessment for 2019 issued by the Tax and Customs Administration makes an adjustment for the entire liquidation loss. Pending the ruling of the Supreme Court, we have submitted an objection to preserve our rights. We are monitoring further developments and the future decision of the Supreme Court in this case.

3. TAX DEVELOPMENTS IN 2022

- EU DAC 7 obliges digital marketplaces in the EU from 1 January 2023 to provide information (such as income) on sellers using these platforms to the tax authorities. National tax authorities are required to automatically exchange that information with other member states. This new directive applies to some of Achmea's digital platforms.
- At the end of 2021, the OECD published rules for a worldwide minimum tax rate of 15% for multinationals (Pillar 2). In 2022, the EU adopted these rules with the significant addition that they must be applied at the national level. In addition, the Netherlands published draft legislation (the Minimum Tax Act - Wet minimumbelasting 2024) and started an internet consultation on 24 October 2022. It is expected that the Bill will be published in the summer of 2023. Achmea operates mainly in countries with a statutory rate of about 25% but, as a result of inherent differences between the global Pillar 2 rules and local tax rules, it is not impossible that the new rules will lead to additional taxation in certain circumstances. In any event, a considerable increase in the administrative burden is expected.
- Proposed legislation on Public Country-by-Country Reporting was submitted on 1 July 2022. This requires enterprises with consolidated revenues above €750 million to publish an income tax report each year. The legislation has to take effect by 22 June 2024 and will first apply to the financial year 2025. As we have included an overview of income tax by country in the Tax Transparency Report since 2022, the introduction of this legislation will not have any additional impact for Achmea.

3.2 2022 IN FIGURES

The following section addresses the tax position in the financial statements. Part of this information can be found in the financial statements.[12] We also comment on the tax that we pay to the tax authorities. The amounts in the tables are in millions of euros.

Corporate income tax in the financial statements

Corporate income tax is a tax payable by Achmea on its taxable profits. If there is a loss for tax purposes, a CIT receivable will generally be recognised in the balance sheet.

The movements in the balance sheet items for current and deferred corporate income tax in the financial statements are recognised through the income statement unless they relate to payments to the tax authorities or to items recognised through equity. In the latter case, they are recorded net (after tax) in equity.

Effective tax rate in 2022 (income statement)

The effective tax rate is the tax disclosed in the income statement expressed as a percentage of the commercial profit before tax. This percentage usually differs from the nominal rate (25.8% in the Netherlands). A significant reason for the difference is that the commercial profit is calculated using different rules from the taxable profit in the corporate income tax return. Consequently, it may be that the commercial profit contains elements that are exempt under the Corporate Income Tax Act, or, alternatively, elements included in the taxable result are not recognised for commercial purposes through the income statement but through equity ('permanent differences'). Other reasons why there may be a difference include prior-year adjustments or changes to the measurement of the deferred tax position as a result of changes in tax rates. The table on the next page shows a reconciliation between the nominal and effective tax burden.

12. Consolidated financial statements 2022, notes 15 and 25.

3. TAX DEVELOPMENTS IN 2022

RECONCILIATION OF EFFECTIVE TAX AMOUNT — € MILLION

	2022	2021
Result before tax	145	585
Dutch corporate tax rate	25.8%	25.0%
Income tax using the Dutch corporate tax rate	38	146
Effect of tax rates in foreign jurisdictions	-2	-3
Tax effect on:		
Non-deductible expenses	10	3
Tax exempt revenues	-30	-4
Participation exemption	6	-1
Non-deductible losses	5	9
Perpetuals	-14	-14
Other	20	
Under-provided in prior years	3	
Regular (temporary) differences	**0**	**-7**
Change in tax rate	**4**	**-19**
Effective tax amount	**40**	**117**

The reconciliation shows that the effective tax amount was €40 million, meaning an effective tax rate of 27.6%. Under the pending Pillar 2 legislation (see above) from 2023 there will have to be a calculation of whether the minimum tax rate of 15% is met.

The principal differences between the nominal burden (€38 million) and the effective tax amount (€40 million) were:

- In 2022 Achmea completed new acquisitions. Commercially, part of the purchased goodwill is amortised but this charge cannot be deducted for tax purposes. Non-deductible expenses include a corporate income tax charge of €10 million.
- A large part of Achmea's operations is insuring healthcare expenses. The profits on these operations are exempt from corporate income tax provided they are only used to the benefit of public healthcare institutions. This exemption applies to Achmea and in 2022 it led to a lower effective corporate income tax charge of €30 million.
- Achmea has holdings in subsidiaries whose losses are not deductible (participation exemption). A tax charge of €6 million has been recognised for this.
- Tax losses were incurred but not recognised on operations abroad. This led to unrelieved tax losses and a higher corporate income tax charge of €5 million.
- Achmea issued perpetual bonds in 2015 and 2019. The interest paid on these loans is charged directly to equity directly to equity but is recognised as deductible for tax purposes through the income statement. This led to a lower corporate income tax charge of €14 million.
- Other (charge of €20 million) is the net amount of various positive and negative effects that relate mainly to other countries: our activities in Greece incurred tax losses that had been recognised previously. These were written off in 2022, leading to a tax charge of €23 million. Another large item is the fall in the tax provision. This led to a tax gain of €5 million.

The table on the next page breaks down the corporate income tax in the income statement into current and deferred tax (€40 million).

3. TAX DEVELOPMENTS IN 2022

SPECIFICATION OF THE CURRENT AND THE DEFERRED INCOME TAX — € MILLION

	2022	2021
Current income tax		
Current year	-247	103
Under-provided in prior years	3	2
	-244	**105**
Deferred income tax		
Origination and reversal of timing differences	284	12
	284	12
Total income tax expense in Income Statement	**40**	**117**

Current tax

Current tax relates to items payable to or receivable from the tax authorities in 2022. These amounts will be incorporated in the corporate income tax return for 2022. It is possible that some of them have been recognised in an earlier year. An adjustment was made in 2022 to prevent items being included twice.

Deferred tax

Deferred tax relates to future tax assets or liabilities.

Deferred taxes occur because of differences between accounting policies for commercial and tax purposes. As a result of these different accounting policies, there are income and expenses that are recognised commercially in the result in years before or after the year in which they are included in the tax return. In addition unrelieved tax losses are recognised as a deferred tax asset.

At Achmea, deferred taxes in 2022 related largely to differences in the measurement of investments and insurance liabilities. On balance, the difference between the measurement of investments for commercial and tax purposes leads to a deferred tax liability and the difference in the measurement of insurance liabilities to a deferred tax asset. In addition, an item for unrelieved tax losses was recognised in 2022.

The movements in deferred tax assets and liabilities during 2022 were as follows:

€ MILLION

	BALANCE AT 1 JANUARY 2022	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE AT 31 DECEMBER 2022
Intangible assets	-6	-2	2	-6
Property for own use and equipment	-10	-9	3	-16
Investments	-1,879	1,857	268	246
Liabilities related to insurance contracts	2,469	-2,239		230
Other provisions	34	-2	-6	**26**
Amortisation	**1**	**-1**		
Financial liabilities	-37	67		**30**
Loss carry-forwards	7	220		227
	579	**-109**	**267**	**737**
Comprising:				
Deferred tax assets				758
Deferred tax liabilities				21

3. TAX DEVELOPMENTS IN 2022

The 2023 Tax Plan included the decision to maintain the corporate tax rate in the Netherlands at 25.8% from 1 January 2023.

The tax rates used to calculate deferred tax assets and liabilities differ between jurisdictions and ranged between 10% and 36% in both 2022 and 2021. The tax jurisdiction with the largest share of the result and of tax was the Netherlands.

It is expected that €737 million (2021: €560 million) of the deferred tax assets and liabilities will be recovered more than twelve months after the reporting date. Recognition and measurement of the deferred tax assets and their utilisation is based on the availability of sufficient taxable profits each year during the reversal period.

Deferred tax assets amounting to €58 million (2021: €59 million) have not been recognised in respect of tax losses on foreign operations of previous years. It is not currently probable that future taxable profits will be available against which these losses can be utilised. The recognised deferred tax assets relating to offsettable losses from previous years are valued based on the current tax laws.

Results of Achmea's Dutch Health Insurance business are reported as non-taxable results in accordance with tax law. The tax exemption is applicable as far as these results are not distributed to the shareholder. If results are partly or fully distributed, the annual results of the Health Insurance business are no longer exempt from corporation tax and will become taxable at the then current corporate tax rate.

Tax provisions

It may not be certain how a specific provision of tax law applies to a given transaction or situation, in which case there is an uncertain tax position (UTP) in the balance sheet. If it is likely that the tax will be payable, accounting rules require an estimate to be made of whether that likelihood is greater than 50%. If so, after estimating the level of the risk, a tax provision must be formed.

Such uncertainties are taken into account when computing the current corporate income tax position in the financial statements. The tax provision for the Dutch business segments (in 2022: €57.6 million) is mainly for possible non-recoverable foreign withholding tax and to a lesser extent for non-deductible liquidation losses and arm's length price adjustments. A provision for the foreign operating companies has been formed for withholding tax deducted and settled in Greece (in 2022: €14.2 million). The actual current corporate income tax can, therefore, lead to different cash flows under the tax position.

Income tax by country

The table below shows information on income taxes by country.

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Country	Principal activities	Income from unrelated parties	Income from related parties	Total	Profit (loss) before income tax	Corporate income tax paid (cash basis)	Corporate income tax for 2021 recognised in the financial statements	Paid-up capital	Employees, based on a 34-hour working week	Tangible assets other than cash and cash equivalents	Effective tax rate
Netherlands	Health; Non-life; Pension and life	19,620.1	14.9	19,635.0	104.7	91.5	-10.2	11,357.0	12,363.0	317.4	-8.4%
Greece	Non-life; Pension and life	392.0	.0	392.0	57.4	5.0	39.1	106.0	1.334.0	31.8	67.9%
Turkey	Non-life	315.0	.0	315.0	-3.5	6.0	5.0	32.5	659.0	17.1	-171.9%
Slovakia	Non-life	687.0	.0	687.0	5.9	10.3	.9	42.7	682.0	9.3	80.7%
Australia	Non-life	51.2	.0	51.2	-10.7	.0	.0	135.0	111.0	2.4	0.0%
Other		7.8	.0	7.8	-8.4	.0	.0	.0	34.0	.0	0.0%
Total		**21,088.0**	**14.9**	**21,088.0**	**145.4**	**112.8**	**34.8**	**11,673.2**	**15,183.0**	**378.0**	**27.6%**

3. TAX DEVELOPMENTS IN 2022

The table includes the corporate income tax paid (cash basis) column. This shows the balance of all amounts paid to and refunds received from the tax authorities and can relate to more than one year. Consequently, the income tax paid in a year will normally differ from the tax payable in that year. The table shows that we remitted a net amount of €111.9 million of income tax to the tax authorities in 2022.

Each year we have to submit a similar statement to the Dutch Tax and Customs Administration (country report). The table above is based on the rules in the GRI tax 207 and differs from the country report.[13]

Another difference between the GRI statement and the country report is that the country report contains information on all non-related revenues while the GRI rules require inclusion only of intra-group revenues between different jurisdictions. In Achmea's case, the intra-group revenues between jurisdictions are not material (less than 0.1%) compared with the rest of the revenue. There are almost no cross-border transactions and services within the value chains of each local business.

The above table does not report separate Achmea companies. Achmea's 2022 financial statements list the principal companies.[14] A full list of participations pursuant to Sections 379 and 414 of Book 2 of the Dutch Civil Code has been filed with the Trade Register of the Chamber of Commerce.

VAT

VAT is a tax that we charge to customers for services and/or products supplied. It is an indirect tax and we ensure that the VAT paid by the customer is remitted to the tax authorities. The VAT on purchases may as a general rule be deducted from the VAT to be remitted. This system means that tax is only paid on the added value.

VAT legislation provides for different VAT rates and an exemption. The exemption applies to a significant proportion of our services and products and means that we do not charge VAT to customers and cannot deduct VAT on purchases. In such cases, the VAT payable on purchases is part of our operating expenses.

When purchases are used for activities both subject to and exempt from VAT ('general expenses'), we deduct the VAT on purchases in accordance with the proportion of deductible and total revenue. This is called the pro rata approach.

The table below shows how much VAT we have charged our customers in total (VAT remitted) and how much VAT on general expenses we cannot deduct. The total VAT burden consists of the VAT remitted and non-deductible VAT on general expenses.

€ MILLION

Country	VAT remitted	Non-deductible VAT on general expenses	Total VAT burden
Netherlands	40.2	85.6	125.8
Greece	3.5	12.2	15.7
Turkey	nvt	2.7	2.7
Slovakia	nvt	0.5	0.5
Australia	8.7	0.0	8.7
Other	0.0	0.0	0
Total	**52.4**	**101.0**	**153.4**

Insurance tax

Insurance tax is a tax levied on insurance products that we charge to our customers directly or through an insurance agent. Exemptions from insurance tax include healthcare and life insurance.

The table below shows how much insurance tax we paid to the tax authorities in 2022.

€ MILLION

Country	Insurance tax remitted
Netherlands	594.3
Greece	53.4
Turkey	13.1
Slovakia	3.0
Australia	7.2
Other	0.0
Total	**671.0**

13. In other words, figures are reported in consolidated form for each jurisdiction in the GRI statement while figures are aggregated in the country report. In this case, aggregation means that all information for all companies within a jurisdiction is combined without eliminating intra-group transactions. This means that the information in the GRI statement is more closely aligned to the financial statements.

14. See note 32 'Interests in subsidiaries' to Achmea's consolidated financial statements.

3. TAX DEVELOPMENTS IN 2022

Payroll tax and national insurance contributions

In the Netherlands, we withhold payroll tax, national insurance contributions and Health Insurance Act contributions from our employees' salaries and from various payments. The payments from which we make payroll deductions in the Netherlands are pension payments, bank and other annuities and income insurance payments. Employee insurance premiums, employers' Health Insurance Act contributions and pseudo final tax levies are also collected. These amounts are declared in the payroll tax and national insurance contributions return and remitted to the Dutch Tax and Customs Administration. The employee insurance contributions and employers' Health Insurance Act contributions form part of our operating expenses.

In other countries, we deduct and remit payroll tax and/or national insurance contributions in accordance with local regulations.

The table below shows the remittances by country.

€ MILLION

Country	Remitted by the employer	Remitted by the insurer or bank	Total
Netherlands	408.0	374.3	782.3
Greece	20.6	nvt	20.6
Turkey	5.8	0.4	6.2
Slovakia	9.3	nvt	9.3
Australia	3.6	nvt	3.6
Other	0.0	0.0	0
Total	**447.3**	**374.7**	**822.0**

Other taxes/subsidies

Bank tax: Bank tax applies to banking institutions operating in the Netherlands. At Achmea this is Achmea Bank. To date we have not paid bank tax as we are below the threshold for levying this tax.

As a financial institution, we are not subject to industry-related environmental or similar ESG levies.

In 2022, we did not have operations in countries where there were special tax incentives (tax holidays) nor did we receive any other tax or other subsidies of note.

Achmea's total tax contribution

The table below shows Achmea's total tax contribution in 2022. This amount includes both taxes:

- incurred and recognised as part of our operating expenses (€314 million), and
- those deducted and remitted on behalf of third parties.

€ MILLION

Country	Total tax remittances
Netherlands	1,593.9
Greece	94.7
Turkey	28.0
Slovakia	23.1
Australia	19.5
Other	0.0
Total	**1,759.2**

4. OBJECTIVES AFTER 2022

This report is putting our ambition to communicate transparently on tax matters into practice and we intend to expand it in future years.

We see the following significant objectives in the area of tax for the years after 2022:

- The Minimum Tax Act (based on the OECD Pillar 2 Directive) comes into force in 2023 and introduces a global minimum tax on profits at an effective tax rate of 15%. Achmea will be in the group of companies subject to the Minimum Tax Act.
- From the financial year 2024, Achmea will publish an annual sustainability report. We aim to include tax matters in the sustainability report in due course.

APPENDIX GRI INDEX

FR: TAX REPORT
AR: ANNUAL REPORT

Indicator	Description of indicator	Verwijzing
207-1 Approach to tax		
207-1 a	A description of the approach to tax, including	FR: para 1 Achmea's tax policy
207-1 a i	Publicly available tax strategy	FR: para 1 Achmea's tax policy
207-1 a ii	Approvement and review of tax strategy	FR: para 1 Achmea's tax policy/para 2 Implementation of the tax policy
207-1 a iii	The approach to reglatory compliance	FR: para 1 Achmea's tax policy/para 2 Implementation of the tax policy
207-1 a iv	Relation with company's business and sustainable development strategies	FR: para 1 Achmea's tax policy
207-2 Tax Governance, control and risk management		
2017-2 a	Description of the tax governance and control framework including:	
2017-2 a i	Internal governance of compliance with the tax strategy	FR: para 2 b. Tax risk management
2017-2 a ii	Embedding of approach to tax within the organisation	FR: para 2 b. Tax risk management
2017-2 a iii	Description of tax risk policy	FR: para 2 b. Tax risk management
2017-2 a iv	Evaluation of compliance with the tax governance and control framework	FR: para 2 b. Tax risk management
2017-2 b	Whistleblower policy	FR: para 2 b. Tax risk management
2017-2 c	A description and reference to the assurance process for disclosures on tax	AR 2022, supplement A
207-3 Stakeholder engagement and management of concerns related to tax		
207-3 a	A description of the tax governance and control framework, including:	
207-3 i	The approach to engagement with tax authorities	FR: para 2 c. Stakeholder engagement
207-3 ii	The approach to public policy advocacy on tax	FR: para 2 c. Stakeholder engagement
207-3 iii	The processes for collecting and considering the views and concerns of (external) stakeholders	FR: para 2 c. Stakeholder engagement
207-4 Country by Country reporting		
207-4 a	All tax juridictions where the entities included in organisation's audited consolidated financial statements are resident for tax purposes	FR: para 3.2 2022 in figures
207-4 b	For each tax jurisdiction reported in disclosure 207-4-a:	
207-4 b i	Names of the resident entities	AR: Notes to the consolidated financial statements, para 32 "Interests in subsidiaries"
207-4 b ii	Primary activities of the organisation	FR: para 3.2 2022 in figures
207-4 b iii	Number of employees and the basis of calculation of this number	FR: para 3.2 2022 in figures
207-4 b iv	Revenues from third-party sales	FR: para 3.2 2022 in figures
207-4 b v	Revenues from intra-group transactions with other tax juridictions	Niet vermeld
207-4 b vi	Profit/loss before tax	FR: para 3.2 2022 in figures
207-4 b vii	Tangible assets other than cash and cash equivalents	FR: para 3.2 2022 in figures
207-4 b viii	Coporate income tax paid on a cash basis	FR: para 3.2 2022 in figures
207-4 b ix	Cortorate income tax accrued on a profit/loss	FR: para 3.2 2022 in figures
207-4 b x	Explanation of the difference between the nominal rate and the effective tax rate	FR: para 3.2 2022 in figures
207-4 c	The time period covered by the information reported in Disclosure 207-4	FR: para 3.2 2022 in figures
207-4 Reporting recommendation		
2.3.1	Total employee remuneration	Not specified
2.3.2	Taxes withheld and paid on behalf of employees	FR: para 3.2 2022 in figures
2.3.3	Taxes collected from customers on behalf of a tax authority	FR: para 3.2 2022 in figures
2.3.4	Industry-related and other taxes or payments to governments	FR: para 3.2: Other taxes/subsidies
2.3.5	Significant uncertain tax positions	FR: para 2 b. Tax risk management
2.3.6	Balance of intra-company debt held by entities in the tax jurisdiction and the basis of calculation of the interest rate paid on the debt	Cross-border debts: not material

APPENDIX TAX GOVERNANCE CODE VNO-NCW

FR: TAX REPORT
AR: ANNUAL REPORT

	Description	Description
A. Approach to Tax: Tax Strategy & Tax Principles		
	The Company sees tax not as a cost factor only, but as a means for social economic cohesion, sustainable growth and long-term prosperity	
1.	Approval of tax strategy/principles by the Board of Directors	FR: para 1 Achmea's tax policy
2.	Reporting and accountability to board	FR: para 2 b. Tax risk management
3.	The Company's tax strategy and principles apply to all group entities.	FR: para 2 b. Tax risk management
4.	Tax principles applicable in relation to all stakeholders	FR: para 2 c. Stakeholder engagement
B. Accountability & Tax Governance		
	Tax is a core part of corporate social responsibility and governance and is overseen by the Board.	
1.	The Board is accountable for the tax strategy, principles and tax risk management.	FR: para 2 b. Tax risk management
2.	The Company has a tax control framework.	FR: para 1 Achmea's tax policy
3.	Internal or external auditors regularly review the Company's tax controls as part of the audit of its financial results.	Internal evaluation but not in the context of financial statements. Not any external evaluation.
C. Tax Compliance		
	The Company is committed to comply with the letter, the intent and the spirit of the tax legislation of the countries in which it operates and to pay the right amount of tax at the right time.	
1.	Required returns and complete/timely disclosures to tax authorities	FR: para 1 Achmea's tax policy
2.	Reasonable interpretations of law and economic and commercial activity is starting point.	FR: para 1 Achmea's tax policy
3.	No transactions with tax benefit as sole purpose, reasonable interpretation of law.	FR: para 1 Achmea's tax policy
4.	The Company will only claim tax incentives in line with the policy intent of such tax incentives and provided such incentives are generally available.	FR: para 1 Achmea's tax policy
5.	If the Company seeks certainty in advance from tax authorities to confirm an applicable tax treatment, it does so based on full disclosure of all relevant facts and circumstances.	FR: para 1 Achmea's tax policy
D. Business Structure		
	The Company will only use business structures that are driven by commercial considerations, are aligned with business activity and have genuine substance.	
1.	No use of tax havens for tax avoidance.	FR: para 1 Achmea's tax policy/ para 2, e Tax planning
2.	Tax is paid where the profits are made	FR: para 2, e: Tax planning
3.	The arm's length principle-in line with OECD guidelines- is consistently applied.	FR: para 2, e: Tax planning
E. Relationships with Tax Authorities and Other External Stakeholders		
	Mutual respect, transparency and trust drive the Company's relationships with tax authorities and other relevant external stakeholders.	
1.	The Company seeks to develop cooperative relationships with tax authorities, and relevant other authorities, based on mutual respect, transparency and trust.	FR: para 1 Achmea's tax policy
2.	Pursue constructive dialogue with governments/interest groups in support of tax systems, legislation and administration	FR: para 2 c. Stakeholder engagement
3.	Collaborate with tax authorities on reconciliation. Resolve disputes with tax authorities applying the above principles	FR: para 2 c. Stakeholder engagement
F. Tax Transparency & Reporting		
	The Company regularly provides information to its stakeholders, including investors, policy makers, employees, civil society and the general public, about its approach to tax and taxes paid. The Company will therefore publish the following information:	
1.	A tax strategy or policy and its tax risk management strategy.	FR: para 1 and 2
2.	A list of entities, with ownership information and a brief explanation of the type and geographic scope of activities.	AR: Notes to the consolidated financial statements, para 32 "Interests in subsidiaries"
3.	Annual information on the corporate income tax the Company accrues and pays on a cash basis at a country level.	FR: para 3: Tax developments in 2022
4.	The total tax borne and collected by the Company.	FR: para 3: Tax developments in 2022
5.	Information on financially material tax incentives (e.g. tax holidays), including an outline of the incentive requirements and when it expires.	FR: para 3.2: Other taxes/subsidies
6.	An outline of the advocacy approach the Company takes on tax issues, the channels through which the Company engages in regard to policy development and the overall purpose of its engagement.	FR: para 2 c. Stakeholder engagement

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COLOFON AND CONTACT INFORMATION

This is the English version of the Achmea Tax Transparency Report for 2022. A Dutch version of this report is also available. In the event of any discrepancies between the Dutch and English versions of this report, the Dutch version will take precedence. The annual report can be downloaded from the Achmea website (www.achmea.nl).

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