Total Tax Contribution Report 2021

NN Group N.V.

NN

You matter

We believe that people want to live life to the fullest. We empower them to do just that – through all stages of their lives – by providing sound financial products and services, and by being a trusted advisor. We are steadfast in our commitment to help people care for what matters most to them.

What matters to you, matters to us.

The 2021 Annual Report provides an integrated review of the performance of NN Group.

The Annual Report aligns relevant information about our strategy, performance, governance, and future prospects in a way that reflects the economic, environmental and social contexts in which we operate. It is prepared in accordance with Dutch law, relevant EU disclosure regulations and reporting standards.

Together with this report, NN Group publishes a Solvency and Financial Condition Report and a Total Tax Contribution Report. Next to that, NN Investment Partners launches a Responsible Investing Report. All these reports are published on NN Group's corporate website in the Investors/Financial Report section.

Read more in 'Approach to reporting'.

Visit our website for further information
www.nn-group.com

Contents

CFO viewpoint....4

Our approach to tax 5

Objective and scope....6
NN Group's Total Tax Contribution....6
NN Group strategy and principles....7
Tax Risk Management Policy and governance....7
How we work with the tax authorities....8
Engagement with international tax authorities....9
Stakeholder engagement....10
Covid-19....11
Acquisitions and disposals in 2021....11
Measures Dutch governmental tax plan 2022....12
Polish tax reform....12
International Reporting Requirements....12

Corporate income tax in the Annual Accounts 14

Taxes in the cash flow statement....18
Reporting a tax provision....19

Total Tax Contribution in 2021 21

Value added tax (VAT)....22
Insurance premium tax (IPT)....23
Payroll taxes (employer and employee)....24
Payroll taxes (on insurance and banking products)....24
Subsidies....24
Withholding taxes on dividends paid by NN Group....24
Total tax contribution NN Group....25

Our approach to reporting 26

Structure....27
Reporting profile....27
Scope of the data....27
1. Taxes borne....27
2. Taxes collected....27
Review and approval....28
Reporting guidelines....28
External assurance....28
The Executive Board....28

Assurance report of the independent auditor 29

Appendix 32

GRI 207: Tax 2019....33
Glossary....35

Building trust through transparent tax reporting

The taxes NN Group collects and pays contribute to the economies of the societies in which we operate. This includes the ongoing Covid-19 crisis, where governments are taking measures to financially support those who are severely impacted. As NN Group we are committed to the responsible payment of taxes.

> ‘Contributing our fair share in taxation is part of being a responsible citizen’
>
> **Delfin Rueda**
> Chief Financial Officer

Our tax policy and principles are aligned with our company's purpose and values, and support our aim to act with integrity and respect in fulfilling our tax obligations. It is important that we pay our fair share of tax and that we adequately explain the taxes paid. The Total Tax Contribution Report is an example of our commitment to transparency. It brings together information about our tax strategy and our tax contribution in 2021. The report structure is the same as last year's. With a separate report, we can provide more context, explain the information already provided in our annual accounts, and adhere to topic-specific standards and guidelines, such as the GRI Standard 207.

The 2021 Total Tax Contribution Report will be the last report published in my position as CFO of NN Group. In 2019, NN Group took this initiative and was recognised and awarded by the VBDO in three successive years. What seemed extraordinary some years ago has now become a standard; the new world of tax reporting is a transparent one. I am very proud that NN Group played a guiding role in this development.

Our approach to tax

Our approach to tax did not change in 2021 compared with previous years. Taxes are recognised on almost every aspect of our business. At a company level and at a product level, on costs and on profits. Taxes are collected on behalf of the company and on behalf of clients, employees and service providers.

Our approach to tax continued

NN Group recognises that paying tax is more than a cost of doing business: it is a contribution to society. For example, the communities we serve through our products and services benefit when NN Group's tax contributions can be used to finance better public services. Taking this into account, NN Group seeks to take a responsible approach to tax. Profits are taxed against the applicable tariff and where those profits are realised. This is in line with one of the guiding principles of NN Group's tax policy: we structure our tax affairs based on business rationale and we do not make use of tax havens or structures to avoid tax. In this chapter, you can find more information about our tax strategy and principles, how tax is organised within our business, and NN Group's approach to ensuring compliance with tax laws and maintaining open and constructive relationships with tax authorities. The chapters thereafter provide information on the taxes that NN Group pays as a taxpayer (the taxes borne), which reflect a cost for our company, and the taxes we are responsible for collecting and passing on to tax authorities. Taken together, these taxes demonstrate NN Group's total tax contribution, as summarised in the box below.

Objective and scope

The objective of this report is to provide information about the tax contributions by NN Group in 2021 and relevant developments in the tax perimeter and related actions taken by NN Group. In this report, we provide information on tax for all 19 countries in which we operate. NN Group has a strong presence in a number of European countries and Japan. Our headquarters are in the Netherlands, the largest market within the group. The Dutch life and non-life insurance business represent almost 75% of the total NN Group operating result before tax. In this report we provide insight per country. The following taxes are recognised separately in the report:

- Corporate income tax (CIT)
- Value-added tax (VAT)
- Insurance premium tax (IPT)
- Dividend withholding tax
- Payroll taxes of employers and employees
- Payroll taxes on banking and insurance payments

NN Group's Total Tax Contribution

EUR 1,097m
Tax paid
These are the corporate income taxes (CIT) that NN Group pays directly to tax authorities.

+

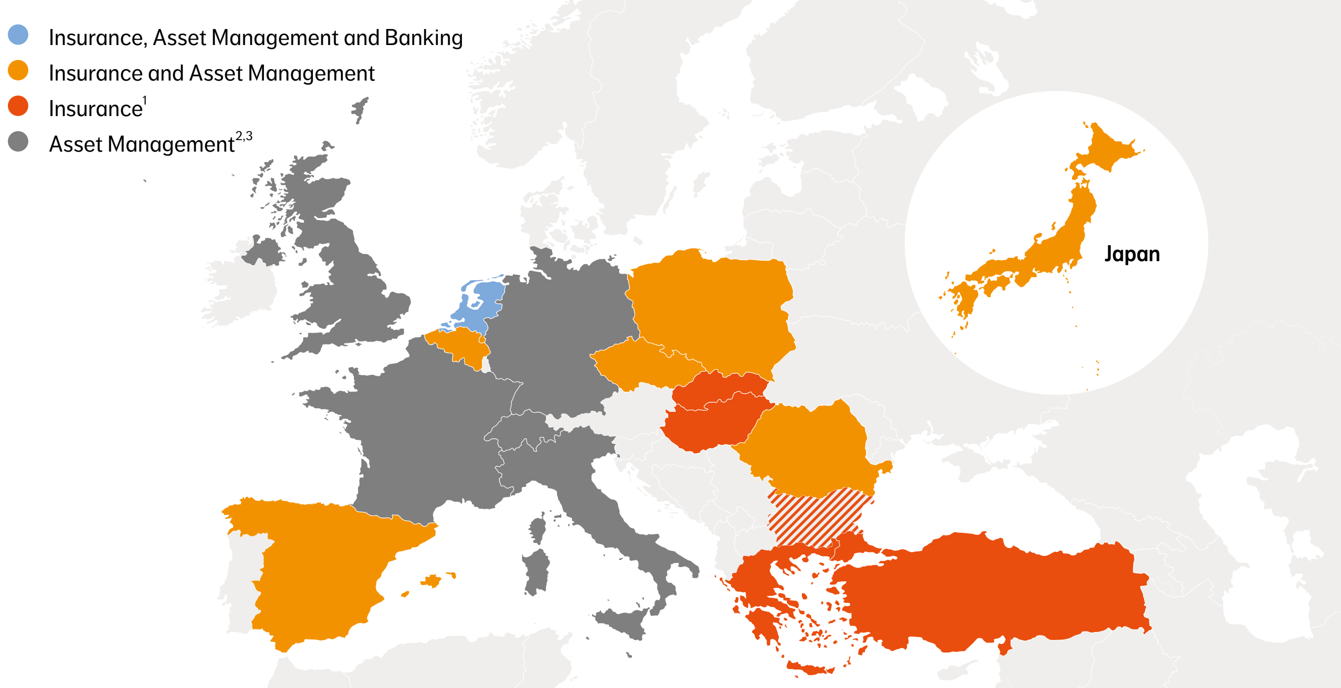
EUR 1,524m
Taxes collected
These are other taxes collected and paid by NN Group as the outcome of its operations in the form of VAT, IPT, payroll taxes and withholding tax on dividends paid by NN Group.*

=

EUR 2,621m
Total Tax Contribution
This is the sum of taxes paid and taxes collected by NN Group.

We operate in 19 countries

- Insurance, Asset Management and Banking
- Insurance and Asset Management
- Insurance[1]
- Asset Management[2,3]



1 In July 2021, the sale of our Bulgarian Pension and Life businesses to KBC's Bulgarian insurance business DZI was completed, following the approval from the Bulgarian and Hungarian regulators.
2 In August 2021, we announced the agreement to sell NN Investment Partners to Goldman Sachs Group, Inc. The transaction is expected to be finalised in 2022.
3 Outside of Europe and Japan, NN Investment Partners has offices in Montevideo, New York and Singapore.

* This reflects only the withholding tax on dividends paid by NN Group. Refer to page 21 for further details.

NN Group strategy and principles

As NN Group, we believe that a responsible tax approach is essential for good corporate citizenship, taking long-term considerations into account and carefully weigh the interests of our stakeholders. To clarify what this means in practice, NN Group has developed the following set of tax principles we expect all employees to adhere to:

- We pay our taxes promptly and in accordance with all applicable laws and regulations. We are guided by international standards such as the Organisation for Economic Co-operation and Development (OECD) Guidelines.
- We take into account both the letter and the spirit of tax laws and regulations to contribute our fair share. This is also the reference when choosing business partners and when structuring transactions.
- Tax is an integrated part of doing business. Tax should follow business with profits allocated to the countries in which business value is created. For calculating transfer prices, we apply the arm's length principle. NN Group does not make use of tax havens or -structures to avoid tax.
- Tax is one of the elements we take into account in our commercial and economic activities. Business units may respond to locally available tax incentives and exemptions.
- In all countries where we operate, we seek to establish and maintain an open and constructive dialogue with tax authorities and other government bodies, based on the disclosure of all relevant facts and circumstances.
- Our tax function may engage in tax planning initiatives and make use of incentives promoted by government authorities. However, in doing so, due consideration needs to be given to NN Group's legitimate interests, reputation, brand and corporate social responsibility.
- Our products should not be used by our clients to shelter information from the tax authorities or to avoid taxation.
- We are transparent about our approach to tax and our tax position. Disclosures are made in accordance with the relevant domestic regulations, as well as applicable reporting requirements and standards such as the European Union's international financial reporting standards (EU-IFRS) and Solvency II.

Tax Risk Management Policy and governance

Within NN Group, the tax function is organised to ensure the preservation of our reputation and integrity through compliance with applicable tax laws, regulations and ethical standards in the countries where we operate. The NN Group Tax team is committed to upholding the company's values, does not seek aggressive tax planning opportunities and aims to mitigate tax risks. The NN Group Tax team has a group-wide responsibility for the tax position of NN Group. In executing this responsibility, it takes into account long-term considerations and carefully weighs the interests of our stakeholders. We operate in accordance with a Tax Risk Management Policy approved by the NN Group Management Board.

The policy is in line with the overall strategy and operation of our business and applies to all taxes we pay and/or collect – including CIT as well as, for example, VAT, IPT and payroll tax. Our goal is to ensure that:

- NN Group is compliant with tax regulations and all appropriate documentation is timely prepared and filed with the relevant authorities.
- To NN Group's stakeholders, we are transparent on tax planning and our tax contribution.
- We maintain adherence to our Tax Control Framework which enables NN Group to proactively procure tax risk management.

The NN Group Tax team is part of the Group Finance function reporting to the Chief Financial Officer (CFO). The NN Group Tax team annually reviews the implementation and execution of the tax strategy and reports the outcome to relevant internal stakeholders. The CFO receives frequent updates throughout the year from the Tax team. Also, on a quarterly basis, an update on tax is provided to the financial committees within NN Group in which the CFO, the Chief Risk Officer (CRO) and Heads of Finance departments are represented. NN Group's Global Head of Tax leads a team of in-house tax advisors tax accountant and tax consultants, with a combination of accounting, tax and business economics qualifications. The NN Group Tax team comprises specialists in direct and indirect taxes, payroll taxes, transfer pricing, tax compliance and reporting. We updated the Group Tax Charter on our corporate website[1], in which the tax governance within NN Group is further clarified.

Case study

Implementation of IFRS 9 and IFRS 17

As of 1 January 2023 two new IFRS standards will become effective for insurance companies. These new standards – IFRS 9 and IFRS 17 will introduce new concepts of income recognition, classification of financial instruments and valuation of insurance products. The implementation will lead to completely new accounting positions and -procedures compared to the existing IFRS 4.

Tax valuation is generally based on commercial (IFRS) accounting with the necessary adjustments to determine the tax positions. These new IFRS standards will therefore also impact the tax reporting in the financial accounts as well as in the tax filing.

The NN Group Tax team is involved in determining the potential impact of the changes at the various business units as a participant in the dry runs that were performed in 2021 and which continue in 2022. In preparation, the NN group Tax Team already sought active contact with the Dutch tax authorities to inform and explain the changes and align on the potential tax impact.

1 www.nn-group.com/sustainibility/our-approach-to-tax.htm

> **New EU regulations require greater transparency for multinationals on their tax position. With this report NN Group already commits to these developments.**
>
> **Peter Paul Boon**
> Global Head of Tax

Case study

Tax Control Framework

The Tax Control Framework is a tax risk management and control system, which ensures that the NN Group Tax team is aware of the tax risks. In 2021, the NN Group Tax team further developed its Tax Control Framework in the Netherlands identifying and addressing the specific inherent Dutch tax risks at NN Group and implementing the controls managing these risks. The NN Group Tax team already shared part of its Tax Control Framework with the Dutch tax authorities providing them with further insight in NN Group's management and controls of its tax risks. Based on the shared documents, the NN Group Tax team has an open dialogue with the Dutch Tax authorities. Execution of the Tax Control Framework is a continuous process which enables NN Group to have a detailed and documented insight of its tax risks and controls inherent to the company. Also in foreign countries were NN Group is active, having a (local) tax control framework is expected to become a requirement.

The Audit Committee performs an annual deep dive into the present position and future developments in respect of CIT and any other relevant tax regulations, the group's tax strategy and tax transparency developments. The NN Group Tax team updates the Audit Committee on the material tax risks and mitigating actions taken.

The NN Group Management Board and the Audit Committee oversee NN Group's tax position as a core part of corporate responsibility and governance, and are accountable for NN Group's tax strategy. The tax position of NN Group, both transaction based and on a current and deferred position, is reflected in the Financial Report of NN Group and covered by the (financial) in control statement by the NN Group Management Board and by the Auditor's statement.

The NN Group Tax team creates tax awareness through internal training sessions and courses for senior management, including the Management Board, Supervisory Board and in the business units. In these courses, we communicate the complex and rapidly changing tax regulations at an understandable level where it directly relates to the operations of NN Group. The relevancy of tax can hereby directly be linked to the day-to-day business of our company which enhances the tax controls. In 2021, the NN Group Tax team facilitated several education sessions such as on payroll tax for product managers in disability insurances and on insurance premium tax for other non-life insurances. We believe that active sharing of tax knowledge with our colleagues is an important aspect of our Tax Control Framework. The NN Group Tax team is also part of and contributes to internal IFRS 17 learning sessions as part of the broader IFRS 17 project within NN Group.

How we work with the tax authorities

NN Group is recognised as one of the top 100 companies in the Netherlands, for which the tax compliance supervision in the Netherlands has moved from a Horizontal Monitoring principle to an Individual Tax Monitoring plan. In August 2021, the Dutch tax authorities shared their Individual Tax Monitoring plan with the management of NN Group. This plan describes how NN Group is perceived by the tax authorities and what key inherent risks the tax authorities identify at NN Group.

The tax authorities consider NN Group as tax compliant and transparent on their tax affairs. It was confirmed that NN Group actively informs the tax authorities on relevant developments and shares upfront information on potentially tax complex items, with an attention point to also include potential counter-arguments of any item, which NN Group will more explicitly address in the future. The tax authorities acknowledge the Tax Control Framework approach being implemented by the NN Group Tax team.

The NN Group Tax team

The Group Tax team is part of the Group Finance function reporting to the CFO.

In the picture, part of the NN Group Tax team is shown.

Engagement with international tax authorities

As NN Group is active in 19 countries, it works with both the Dutch tax authorities and the tax authorities of the countries in which it operates. Each tax authority acts differently and has its own approach to tax matters and companies.

In 2021, NN Group's international business units interacted with local tax authorities on the following topics, among others:

Update of Transfer Pricing audits

As stated in the 2020 TTC Report, in the past few years, the transfer pricing enquiry from the (local) tax authorities has focused on obtaining the transfer pricing documentation which NN Group together with the business units prepares periodically. In 2021, the recent Transfer Pricing (TP) audits were successfully closed without the local tax authorities adjusting the tax return from a CIT perspective

Based on recent experiences with TP audits/ investigations, the NN Group Tax team has prepared a concise TP audit protocol for all NN business units to ensure a robust preparation and smooth conduct of a tax audit. This protocol provides guidance on how to be ready for a tax audit through a cooperative approach between tax and the business and outlines recommendations on how to effectively conduct a tax audit through joint (tax and business) collaboration and a four eyes review approach.

Mutual Agreement Procedure between the Netherlands and Greece

NN Group, in alignment with the Dutch Ministry of Finance, started in 2013 a Mutual Agreement Procedure (MAP) with Greece for the head office costs charged by NN Group to its Greek business unit, NN Hellas. Whereas the Dutch tax authorities require NN Group to charge certain costs to its (international) business units, deduction of those costs in Greece was not accepted in the years 2007-2010. This resulted in double taxation.

Via a MAP, an international instrument applied by authorities to avoid double taxation, the Dutch Ministry of Finance approached the Greek tax authorities. Unfortunately, no agreement was reached as the Greek tax legislation in these years was not (yet) aligned with the MAP principles as applicable in the Netherlands. In 2021, NN Group therefore decided not to continue the procedure and withdrew the request. This example shows the need for multilateral agreements and common implementation by the member states in their national legislation to prevent double taxation.

Case Study

Court procedure on value-added tax (VAT)

NN Group has initiated a court procedure to seek clarity for the pension sector on the qualification of VAT for asset management, fiduciary and administrative services provided by NN Investment Partners (NN IP) and AZL to certain clients (pension funds). This procedure is aligned and was started in cooperation with the Dutch tax authorities. The question is whether these services can qualify as VAT-exempted collective asset management services, which is relevant to our clients as pension funds cannot reclaim VAT charged to them, which leads to higher operational costs for the fund, impacting the financial position of its clients. It is expected that the first court hearings will take place during the first half year of 2022. If the court case is a success, NN IP and AZL will be able to repay the VAT advantage to their respective clients.

Stakeholder engagement

As the business environment is constantly evolving, stakeholder engagement is essential for understanding which issues are important for the business and our stakeholders. Our customers, employees, shareholders, business partners, debt investors, regulators and the organisations representing the wider society are all important stakeholders for our company. We regularly engage with these different groups to discuss their views and observations, and to identify aspects that relate to our company. NN Group is a member of and actively participates in the tax working groups at the Confederation of Netherlands Industry and Employers (VNO-NCW) and the Dutch Association of Insurers where NN Group advocates and supports the efforts on tax transparency and fair taxation. This enables us to evolve our strategy to better meet our stakeholders' expectations and focus our reporting on the issues that matter to them. For example, our corporate website contains a section on our responsible business practices, including our tax policy.

We also participate in various sustainability ratings and benchmarks by completing questionnaires on our policies and practices. These questionnaires are often adjusted to reflect evolving stakeholder expectations, and as such provide us with useful feedback. The Dow Jones Sustainability Indices, a family of best-in-class benchmarks created by S&P Dow Jones Indices and SAM, is an example of a sustainability rating we participate in and that includes taxation as a topic. Another example is the Tax Transparency Benchmark published by the Dutch Association of Investors for Sustainable Development (VBDO). This benchmark provides a comparative study of Dutch stock listed companies' fiscal transparency.

Case study

Key risks identified by the Dutch tax authorities

In the Individual Tax Monitoring plan, the Dutch tax authorities address key risks inherent to NN Group. An example of an inherent CIT risk identified in the plan relates to internal reinsurance at NN Group.

NN Re (Netherlands) N.V. operates as NN Group's internal reinsurer, located in The Hague, the Netherlands. NN Re provides reinsurance solutions in NN Group to manage risks, optimise solvency capital, and support growth in business units. As such, the tax risk relates to transfer pricing, that is the transfer of insurance profits or losses from one country to another via a reinsurance contract.

In its Tax Control Framework, the NN Group Tax team addressed this potential risk. In itself there is limited risk of tax avoidance based on the fact that NN Re is situated in the Netherlands and taxed at a statutory rate of 25% whilst the contracting business units are within the same jurisdiction or in jurisdiction with a tax rate at a similar level. Operationally, when entering in a new reinsurance contract or in a situation of material changes in existing contracts, the NN Group Tax team provides a mandatory tax sign-off on the transaction, as required by the tax risk management policy. In its assessment, the NN Group Tax team involves external expertise to benchmark the financial and actuarial aspects of the contract and to substantiate the business rational for each of the involved parties, the reinsured and the reinsurer. Material reinsurance contracts are also actively disclosed to the Dutch tax authorities.

Highlights 2021

Covid-19

In 2021, the Covid-19 pandemic continued to play a major role in the world with social and economic consequences. Measures were still adopted by governments to limit the impact on society as much as possible. Within NN Group, Covid-19 had the following tax impacts in 2021:

Covid-19 – NOW regeling

Dutch employers who have less or no work for employees due to the pandemic can claim a Temporary Emergency Bridging Measure for Sustained Employment (Tijdelijke Noodmaatregel Overbrugging voor Werkbehoud, NOW) to compensate 85% of their wages. NN Group did not apply for NOW during the pandemic. Prior to its acquisition by NN Group, Qare received NOW compensation for a total amount of EUR 270,000. The current expectation is that the total amount will be repaid.

Working from home

The advice to work from home remained a crucial Covid-19 measure in the Netherlands in 2021, and NN Group Tax employees have mainly worked from home. The prolongation of the situation raised a number of practical issues, such as continuing arrangements for travel expenses, the provision of work spaces and reimbursing costs for IT equipment. From a tax perspective, these topics include possibilities and limitations where the existing tax regulations do not (fully) provide for this dynamic, exceptional situation.

Working from home allowance

In 2020, NN Group introduced a practical and non-taxable allowance to help cover monthly internet costs for employees in the Netherlands. Similarly, NN Group wished to compensate employees for the costs related to equipping a home workspace. Having a good workspace is essential to working in a healthy manner and part of NN Group's responsibility as a good employer.

As of April 2021, NN Group introduced a monthly home office allowance for all employees in the Netherlands. The arrangement was discussed with the Dutch tax authorities in 2021, as it was considered a non-standard application of the requirements of the Working Conditions Act in conjunction with the tax regulations. A non-taxable home office allowance is granted every five years to all employees regularly working from home to buy necessary items, such as a desk, a chair and a monitor. The allowance is paid in monthly instalments, representing the economic costs of a home office in that month, with the option of an upfront deposit that is automatically repaid with the monthly allowance.

To meet the requirements of payroll and the Working Conditions Act, NN's health & vitality policy asks all employees to complete a health & safety checklist. Based on the outcome, NN Group Human Resources actively provides a follow up and continuous monitoring by internal surveys and providing guidance, in addition to a diverse range of provisions on our intranet (e.g. lists of preferred equipment solutions) for staying healthy while working at home. The arrangement is practical as employees can decide themselves what equipment suits them best, and the company does not risk overpayment of allowances or retaking used equipment when employees leave the company.

International assignments and remote working arrangements

With the collaboration of relevant NN Group internal department(s), NN Group has communicated that for employees intending to work remotely (outside employment country), the employee and the associated manager should seek advice to ensure that all perspectives are considered, including effectively addressing the tax perspective.

The NN Group Tax team has adopted and implemented a framework to ensure that relevant international assignments and international remote work arrangements are identified and assessed from a corporate tax and transfer pricing perspective. Within this framework, NN Group Tax's approach reviews the remote working requests and international assignments and provides guidance based on both (i) in-house tax/transfer pricing expertise and (ii) on the external tax advice in order to consider specific local tax considerations. For each relevant international assignment and remote work arrangement, the NN Group Tax team provides specific guidance for the assignee/remote worker based on their responsibilities and duties.

In the years to come and as the business evolves, the NN Group Tax team will continue building on a long-term strategy to gain insight into all working arrangements and to proactively provide tax risk mitigation to the relevant international assignment/remote work requests.

Acquisitions and disposals in 2021

In 2021, NN Group announced the acquisition of MetLife's businesses in Poland & Greece, a majority stake in the insurance broker Heinenoord and the employee benefit provider Qare, and to sell asset manager NN Investment Partners (NN IP).

The NN Group Tax team was actively involved in the transactions, supported by external (local) tax advisors. In the due diligence process, no material tax risks were identified. The tax relevant aspect of non-deductible acquisition costs, an inherent risk identified by the Dutch tax authorities in its Individual Monitoring plan, was monitored and addressed when determining the tax position of NN Group.

Measures Dutch governmental tax plan 2022

On Budget day 2021 (Prinsjesdag), the Dutch government presented its 2022 Tax Plan. It includes several measures with an impact on businesses. NN Group is affected or may be affected in the future by the following new measures:

Limitation credit Dutch dividend withholding tax

Per 1 January 2022, the credit of Dutch dividend withholding tax is limited to the amount of CIT payable in that year. Hence, for Dutch corporate income taxpayers, a refund of Dutch dividend withholding tax is no longer applicable. Any uncredited Dutch dividend withholding tax will be carried forward indefinitely. We currently do not foresee any material impact at NN Group as we expect to be in a tax paying position and therefore the withholding tax can be credited within the year itself.

New loss compensation rules

As per 1 January 2022, the Dutch tax loss compensation rules have been limited to 50% of the taxable profit to the extent this profit exceeds a threshold of EUR 1 million. Tax losses can be carried forward indefinitely. The financial impact for NN Group will result in yearly cash tax payments also in the case of tax losses available for loss carry forward. For IFRS purposes, the new loss compensation rules are not expected to negatively affect the deferred tax asset position of NN Group, currently reported as a deferred tax liability.

Polish tax reform

As from 1 January 2022, the Polish tax reform is implemented, which is designed to help the country recover from the economic effects of the Covid-19 pandemic, attract investment and close loopholes in the tax law. Measures include the following:

- New methods for calculating personal income tax and social security contributions on employee and board member remuneration may increase the employee costs for NN Poland.
- As of 1 January 2022, Poland introduced VAT grouping which will enable NN Poland to neutralise VAT payable on intragroup services within Poland as already applicable in other EU countries.
- New additional transfer pricing restrictions will be in place for both related and unrelated party transactions. Tax deductibility of these transactions could be limited as they may be qualified as a hidden dividend. Proper justification of related party transactions or concluding an APA is becoming even more important.
- New minimum tax (10%) has been implemented for companies with a ratio of operational income to capital gains revenue lower than 1% or incurring tax losses. However, it is expected that the impact for NN Poland will be limited as some exclusions from minimum tax will be granted inter alia for the financial industry (insurance companies, pension funds societies).

International Reporting Requirements

In recent years, new European mandatory reporting requirements were introduced and implemented in the Netherlands. Most of these requirements aim to fight tax avoidance and provide more insight to tax authorities on cross border transactions.

DAC6

As a result of the Dutch implementation of the European Directive Mandatory Disclosure Rules/DAC6 per 1 January 2021, intermediaries and/or taxpayers must report potentially qualifying cross-border tax arrangements to the Dutch Tax and Customs Administration. In 2021, NN Group reported the following transaction meeting the DAC6 reporting requirement of a reduction of more than 50% of the projected EBIT after the transaction:

- Cross border merger between NN IP Czech and NN IP BV with NN Investment Partners Czech as disappearing entity.

ATAD II

The EU Anti-Tax Avoidance Directive II (ATAD II) legislation introduces measures countering the tax effects of 'hybrid mismatches' in transactions between enterprises in EU member states and transactions between enterprises in EU member states and enterprises in third countries.

The ATAD II rules state that:
- Primary rule: if the income is not taxed at the level of the recipient, the deduction of the payment will be refused at the level of the payer.
- Secondary rule: if the payment is deductible at the level of the payer, the income will be subject to tax at the level of the recipient.

As per 2020, the Netherlands has introduced documentation requirements specifically for ATAD II for the purpose of enforcing these rules. Under these documentation requirements, taxpayers are required to have documentation available in their administration substantiating when in the CIT returns the position is taken that the hybrid mismatch rules do or do not apply. In the CIT return over the year 2020, which was filed on 30 November 2021, NN Group did not report any ATAD II transaction where NN Group was obliged to correct income or payments on the basis of the primary or secondary rule. As the NN Group Tax team is involved in every transaction where ATAD II may be applicable (primarily in private market investments transactions), sufficient underlying documentation is available to demonstrate this position.

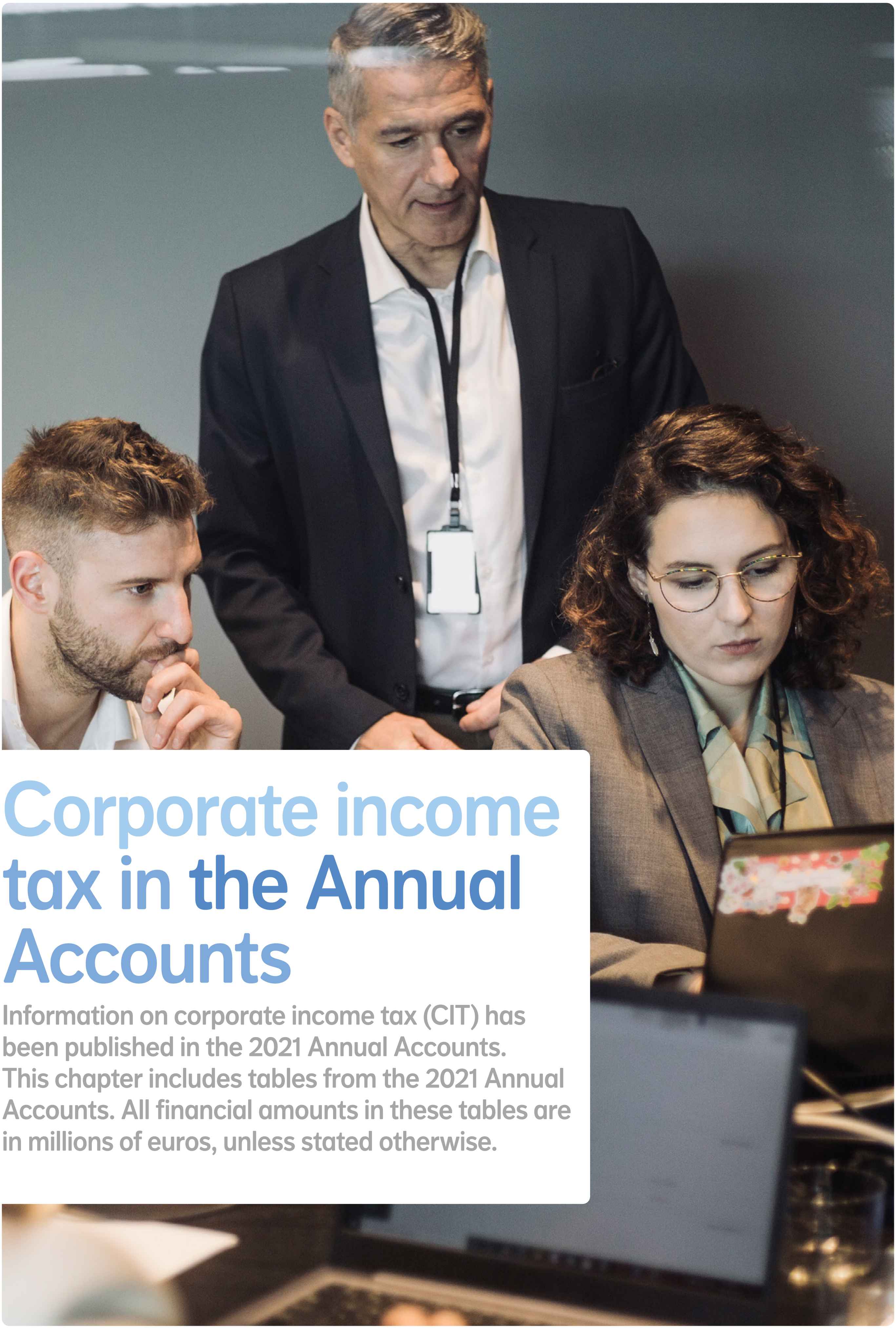
Country by country reporting

As of 2016, the ultimate parent company being resident in an EU member state has to report data for the whole group on an aggregated basis for each jurisdiction in which it operates. The data should consist of:
- Revenues
- Profit/loss before income tax
- Income tax paid
- Income tax accrued
- Stated capital
- Accumulated earnings
- Number of employees
- Tangible assets other than cash or cash equivalents

The report should also identify each member of the group (including permanent establishments) and indicate its tax residence (and, if different, its country of organisation) as well as its main business activity. NN Group files this report annually as of 2016 for the fiscal year of the group and within 12 months of the end of the year with the Dutch tax authorities. The information is also included in the annual financial reports and in the Total Tax Contribution reports of NN Group.

In 2021, the EU member states reached an agreement to introduce public country by country reporting as a next step in a number of transparency measures that require businesses with EU operations to report their tax affairs. The public report builds on the existing non-public country by country reporting adding information on discrepancies between accrued and paid taxes. It is expected that the changes to the EU Accounting Directive[2] will become applicable no later than 2024 with first publication on the 2025 reporting year before 31 December 2026. By publicly disclosing where NN Group reports its profits and where taxes are paid, NN Group is already prepared for the requirements of this public country by country report.

2 Directive 2013/34/EU



Corporate income tax in the Annual Accounts

Information on corporate income tax (CIT) has been published in the 2021 Annual Accounts. This chapter includes tables from the 2021 Annual Accounts. All financial amounts in these tables are in millions of euros, unless stated otherwise.

Corporate income tax in the annual accounts

Deferred taxes in the NN Group balance sheet reflect the timing differences for recognising a profit or loss in IFRS compared to the annual tax return. As IFRS and tax regulations do not apply the same principles for how to value certain assets and liabilities or when to recognise a profit or a loss, this leads to differences in the reporting of profits and losses in IFRS compared to the tax return of a company. Deferred tax assets and deferred tax liabilities are therefore recognised on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to use these tax assets. Tax assets and liabilities are offset when there is a right to offset current tax assets against current tax liabilities. Furthermore, they have to relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

The principal temporary differences arise from depreciation of property and revaluation of financial assets and liabilities, including derivatives, insurance liabilities, pension obligations and other post-retirement benefits. In addition to deductible temporary differences, deferred tax assets can also arise as a result of unused tax losses (and tax credits) carried forward. The tax rates enacted or substantively enacted by the reporting period date are used to determine the deferred tax.

Deferred tax (2021)

	Net liability 2020	Changes through equity	Changes through net result	Changes in the composition of the group and other changes	Exchange rate differences	Net liability 2021
Investments	4,638	-1,230	-39	-89	-9	3,271
Real estate investments	926		248	-2		1,172
Financial assets and liabilities at fair value through profit or loss	22		7			29
Deferred acquisition costs	439		9	22	-10	460
Fiscal reserves	12		79			91
Depreciation	21		-2		-1	18
Insurance liabilities	-3,778	530	-108	87	-4	-3,273
Cash flow hedges	4,073	-1,004				3,069
Pension and post-employment benefits	5	4	-1	11	1	20
Other provisions	-54		19	7	1	-27
Receivables	12		1	5	-1	17
Loans	-87		3	112		28
Unused tax losses carried forward	-77		-6	2		-81
Other	104	-6	-20	-101	-1	-24
Deferred tax	**6,256**	**-1,706**	**190**	**54**	**-24**	**4,770**

Presented in the balance sheet as:		
Deferred tax liabilities	6,329	4,817
Deferred tax assets	-73	-47
Deferred tax	**6,256**	**4,770**

Corporate income tax in the annual accounts continued

Tax losses arise when the taxable profit of a fiscal entity is negative. Generally, tax losses can be offset against the taxable profits of following years. A deferred tax asset is only recognised to the extent that NN Group expects to utilise these losses in the foreseeable future. For each of the fiscal entities, a forecast is made of future taxable profits. Where this future taxable profit is sufficient to offset (a part of) the existing tax carry forward balance, a deferred tax asset has been recognised. For that analysis, consideration is also given to the amount of the deferred tax liability in place at the level of the loss making entities. The amount that was unlikely to be utilised (EUR 184 million) was not recognised.

The income tax charge of EUR 669 million in 2021 represents an effective tax rate (ETR) of 17,5%. This ETR is lower than the weighted average statutory tax rate of 24.6% mainly due to the following item:
A large part of NN Group's result before tax is based on investment income, including income by equity investments. As an institutional investor, NN Group has equity interests that exceed the 5% shareholding threshold. Income from these equity investments is exempt from tax by the Dutch participation exemption to prevent double taxation. The impact of the participation exemption leads to a 8.3% reduction of the ETR.

The ETR of 17.5% is lower than the insurance industry average of 21.1% as published by the Dow Jones Sustainability Index (DJSI)[3].

[3] SAM's Corporate Sustainability Assessment Companion 2020, page 60 'Average effective tax rate & Cash Tax Rate for each of the 24 GICS® Industry Groups'

Deferred tax on unused tax losses carried forward

	2021	2020
Total unused tax losses carried forward	511	527
Unused tax losses carried forward not recognised as a deferred tax asset	-184	-221
Unused tax losses carried forward recognised as a deferred tax asset	**327**	**306**
Average tax rate	24.8%	25.3%
Deferred tax asset	**81**	**77**

Tax losses carried forward will expire as follows as at 31 December:

Total unused tax losses carried forward analysed by term of expiration

	No deferred tax asset recognised		Deferred tax asset recognised	
	2021	2020	2021	2020
Within 1 year	12	22		2
More than 1 year but less than 5 years	34	40	14	12
More than 5 years but less than 10 years	3			
Unlimited	135	159	313	292
Total unused tax losses carried forward	**184**	**221**	**327**	**306**

Differences in effective and statutory tax rate explained

The effective tax rate (ETR) is calculated as the total tax reported in the profit and loss account compared to the profit before tax accounted for in the same period.

$$\text{ETR (\%)} = \frac{\text{Total tax expense}}{\text{Profit before tax}}$$

The outcome may differ from the statutory tax rate, being the nominal tax rate of the country where the company is taxed. If the company operates in multiple countries, the statutory tax rate is the weighted average of the results of the entities against the local statutory tax rates. In general, differences that may occur between the statutory and the ETR can be categorised as follows:

- Permanent differences: Differences where an income or expense item is exempted for tax purposes and the difference will not reverse in the future as is the case with temporary difference. Examples are participation exemption and permanently non-deductible expenses.
- Prior year adjustments: The year-end tax position is based on an estimation of the company's tax returns. When the tax returns are filed there might be differences because more detailed information is available and more analysis has been done. When the true up of the tax position is recognised in IFRS, this has an effect on the ETR.
- Tax rate change effects: Deferred tax positions are calculated on the difference between the IFRS carrying value and the tax base, multiplied by the future tax rate. If the future tax rate changes due to a law change, the deferred tax positions will be remeasured using the new future tax rate. The effect of this remeasurement has an effect on the ETR. It should be noted, however, that the impact of a tax rate change is recorded through Other Comprehensive Income (OCI) or directly in equity if the underlying item or transaction to which the temporary difference relates is recognised outside the profit and loss account.
- Changes in tax assumptions: A change in the assumptions underlying the recognition of a deferred tax asset or liability (i.e. the estimation of future tax loss compensation or a change in the provision for uncertain tax provisions) will have an effect on the ETR.

Taxation on result

	2021	2020
Current tax	480	459
Deferred tax	189	-74
Taxation on result	**669**	**385**

NN Group N.V., together with a majority of Dutch subsidiaries, is a part of a fiscal unity for Dutch income tax purposes. The members of the fiscal unity are jointly and severally liable for any income taxes payable by the Dutch fiscal unity.

Reconciliation of the weighted average statutory tax rate to NN Group's effective tax rate

	2021	2020
Result before tax	3,832	2,196
Weighted average statutory tax rate	24.9%	24.6%
Weighted average statutory tax amount	**954**	**540**
Participation exemption	-319	-112
Other income not subject to tax and other	-11	
Expenses not deductible for tax purposes	13	8
Impact on deferred tax from change in tax rates	7	24
Deferred tax benefit for previously not unrecognised amounts	-9	-1
Tax for non-recognised losses	2	2
Write-off/reversal of deferred tax assets	1	3
Adjustments to prior periods	31	-80
Effective tax amount	**669**	**384**
Effective tax rate	**17.5%**	**17.5%**

Taxes in the cash flow statement

The total tax contribution of NN Group was EUR 2,621.1 million for 2021 (see page 25). This amount consists of both taxes collected and taxes borne by NN Group. The taxes borne include the cash CIT paid as reflected in the consolidated statement of the cash flows in the Annual Accounts which amounted to EUR 397 million in 2021 (2020: EUR 250 million). The dissimilarity in CIT paid and the CIT expense as presented in the profit and loss account of the Annual Accounts reflects the difference between tax and accounting rules (including the change in tax rates mentioned earlier), tax losses and tax credit, and other carry-forwards.

Some countries in which NN Group operates have local legislation in place that allows tax losses to be offset up to a certain percent of the taxable base. This means that even in case of sufficient losses, the relevant entities will pay taxes in the case that profits in 2021 were reported. It should also be observed that the cash tax amounts are not only

Principal subsidiaries and geographical information (2021)

The table below provides additional information on principal subsidiaries, the nature of the main activities and employees by country.

Country/Name of principal subsidiaries	Main activity	Average number of employees[1]	Total income	Total assets	Result before tax	Taxation[2]	Income tax paid	Effective tax rate[4]
Nationale-Nederlanden Levensverzekering Maatschappij N.V.	Life insurance							
Nationale-Nederlanden Bank N.V.	Banking							
Nationale-Nederlanden Schadeverzekering Maatschappij N.V.	General insurance							
REI Investment I B.V.	Real estate							
NN Re (Netherlands) N.V.	Reinsurance							
ABN AMRO Levensverzekering N.V.	Life insurance							
The Netherlands		**8,667**	**13,643**	**196,434**	**2,875**	**459**	**247**	**16.0%**
NN Life Insurance Company, Ltd,	Life insurance							
Japan		**915**	**3,549**	**21,642**	**253**	**71**	**55**	**28.3%**
NN Insurance Belgium nv	Life insurance							
Belgium		**673**	**1,093**	**16,129**	**106**	**21**	**57**	**19.7%**
Nationale Nederlanden Vida, Compania de Seguros y Reaseguros, S,A,	Life insurance							
Nationale Nederlanden Generales, Compania de Seguros y Reaseguros, S,A,	General insurance							
Spain		**535**	**748**	**5,166**	**53**	**13**	**3**	**24.0%**
Nationale-Nederlanden Towarzystwo Ubezpieczeń na Życie S,A,	Life insurance							
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S,A,	Pensions							
Poland		**1,032**	**485**	**2,230**	**66**	**16**	**-3**	**24.0%**
NN Hellenic Life Insurance Co, S,A,	Life insurance							
Greece		**413**	**579**	**2,386**	**23**	**10**		**42.2%**
NN Životní pojišťovna N,V, (pobočka pro Českou republiku)	Life insurance							
Czech Republic		**671**	**226**	**1,479**	**27**	**6**	**21**	**22.1%**
NN Biztosító Zártkörûen Mûködõ Részvénytársaság	Life insurance							
Hungary		**404**	**298**	**1,390**	**9**	**3**	**3**	**28.7%**
NN Asigurari de Viata S,A,	Life insurance							
Romania		**471**	**257**	**1,106**	**49**	**8**	**7**	**16.9%**
NN Životná poist'ovna, a,s,	Life insurance							
Slovak Republic		**334**	**186**	**859**	**34**	**8**	**6**	**23.8%**

Corporate income tax in the annual accounts continued

impacted by the current tax component as part of the tax expense as reported in NN Group's Income Statement, but also by the current tax component as reflected directly in NN Group's equity. We provide further details of both the tax charge and the tax cash paid per country in the table below.

Reporting a tax provision

NN Group's business environment exposes NN Group and its subsidiaries to uncertainties in their tax positions as reported in NN Group's financial statements. Aligned with and inherent to NN Group's Tax Risk Management policy, NN Group continuously identifies and assesses uncertainties of its tax positions relating to all Dutch and international taxes, including, but not limited to, CIT, withholding taxes, VAT, IPT and payroll tax. Based on the applicable (local) accounting policies, a tax provision is reported when the uncertainty in a tax position is estimated as 'probable' (more likely than not). NN Group reassesses its judgements and estimates if relevant factors have changed, and correspondingly reassesses its conclusion whether or not to report a (change in) tax provision.

Principal subsidiaries and geographical information continued

Country/Name of principal subsidiaries	Main activity	Average number of employees[1]	Total income	Total assets	Result before tax	Taxation[2]	Income tax paid	Effective tax rate[3, 4]
Germany		9	102	392	131	20	2	15.5%
France		8	129	1,255	119	29	8	24.3%
Italy		6	13	278	13	-8	2	-60.4%[5]
Denmark			45	196	43	7		15.8%
United Kingdom		13	31	595	33	1	2	2.0%[6]
Bulgaria		66	16		3	0		6.9%
Turkey		250	32	43	-4	1		-13.6%[7]
Ireland					0	4	-16[8]	n.a.
Singapore		31					2	
Mexico		1		4	-1			
United States		13						
Switzerland		4					1	
Argentina		2		1				
Uruguay		2						
Total		14,997	21,433	251,585	3,832	669	397	17.5%

1. The average number of employees is on a full-time equivalent basis.
2. Taxation is the taxation amount charged to the profit and loss account.
3. No effective tax rate calculation can be made if a country has no taxation amount.
4. If the rounded taxation amount is reported as 0, then the ETR is based on the actual taxation amount.
5. The negative ETR is caused by a one time tax amortisation on real estate.
6. The ETR is mainly caused by the participation exemption on minority interest which are taxable in the UK
7. The negative ETR is caused because of a derecognition of deferred tax assets on reported tax losses
8. The negative position relates to income tax received as outcome of a Mutual Agreement Procedure preventing double taxation adjusting income tax already paid in the Netherlands in the past.

Global Anti-Base Erosion Rules (Pillar II)

On 20 December 2021, the OECD released model legislation for a new global minimum tax regime: the Global Anti-Base Erosion (the GloBE) rules. The regime aims to ensure that large multinational enterprises (MNE) bear a minimum ETR of at least 15% in every jurisdiction where an MNE has operations. When this threshold is not met, a 'top-up tax', being the difference between the actual ETR and minimum tax of 15%, is additionally charged to the MNE. The model rules were followed on 22 December by the European Commission with a draft directive closely following the GloBE rules. If adopted, member states will have to implement the provisions of the directive as of 1 January 2023 with first time reporting before 1 July 2025.

NN Group falls within the scope of the regime and will be subject to the new rules. The GLoBE regime introduced a set of substantial technical rules of a mix of accounting and tax concepts. It will require a step-change for MNEs in terms of global tax compliance by increasing computational complexity and administrative burden.

In the first months of 2022, both the OECD and European Commission aim to release commentaries along with the development of an implementation framework focused on administrative, compliance and coordination issues. However, given the complex mechanics and tight implementation schedule, NN Group's Tax team has already begun designing a project plan to ensure that the new rules are fully and consistently implemented at a group and business unit level, and to explore ways to manage additional computational and administrative complexity.

Regarding an initial financial impact of GloBE rules on NN Group, based on the past three years of consolidated financials, the following high-level observations can be made:

- At consolidated level: NN Group expects that both the weighted average statutory tax rate (around 25%) and the ETR will be higher than the minimum tax rate set by the GloBE rules (15%).
- At jurisdictional level: in a few certain jurisdictions, the ETR may potentially be below 15%; however, in those jurisdictions NN Group carries out real economic activities in terms of either presence of full time employees and/or tangible assets. As economic substance is also factored in the GloBe rules, by including a substance-based income carve-out, we might expect any potential top-up tax therefore to be reduced in those jurisdictions.

The GloBE rules has its own subset of definitions, valuation principles and mechanics which significantly differ from the ETR as reported in the annual financial report. Hence, because clarification and guidance to the proposal is still to be provided by the OECD and the European Commission and successively the local implementation by the individual member states is to be awaited, a more substantiated impact is currently difficult to assess and the final impact remains therefore uncertain and unpredictable at this stage.

In the proposal, we identified elements which might disproportionately impact the calculation of the ETR under the GloBE rules, some of which are specifically relevant to the insurance industry. For example, (i) the inconsistency of the valuation of the deferred taxes at the minimum tax rate instead of the actual statutory tax rate in a jurisdiction, (ii) the uncertainty of the impact of the implementation of the new reporting standards IFRS17 and IFRS9 by insurance companies per 1 January 2023, and (iii) the absence of and recognition of a total profit concept, which should lead to introducing a multi-yearly reassessment of the calculated average ETR under the GloBE rules when a company on average meets the threshold eliminating anomalies.

Considering the above, at this stage, NN Group follows both a reactive and proactive approach. The proactive approach consists of modelling and assessing the potential impact of the initial GloBE rules while designing an implementation plan. The reactive approach consists of further highlighting the above inconsistencies to the OECD and European Commission through our technical contributions to the specific industry associations.

In this way, the NN Group Tax team aims to consider any potential action to manage the impact of the new rules, be prepared when final rules are ready, and periodically and proactively inform relevant NN Group internal and external stakeholders of potential tax and non-tax implications.

Total Tax Contribution in 2021

Besides taxes that NN Group pays as a taxpayer, we are also responsible for collecting taxes and passing them on to tax authorities. These taxes are related to our business activities and charged to or collected on behalf of our clients, or they relate to taxes collected on behalf of employees or service providers.

Value added tax (VAT)

VAT is normally charged by a company to customers on services provided and products sold. The company collects these taxes and pays them to the tax authorities. In the system of VAT, the company can deduct the VAT it has paid to its suppliers on goods and services purchased from the VAT it has collected before paying to the tax authorities. This means, on a net basis, VAT is only charged and paid on the value added by the company. Financial services such as banking and insurance are in general exempted for VAT. This exemption means that the main financial services (i.e. insurance premiums) provided by NN Group to its customers do not have a VAT charge.

However, in the system of VAT, being exempted also means that the financial institution cannot deduct the VAT it has paid to its suppliers on goods and services purchased, as normally would be the case. VAT charged to NN Group will economically lead to a cost instead of being a benefit to the company, as the wording "exemption" might suggest. On other business, such as pension administrations, VAT is charged by NN Group and collected and paid to the tax authorities.

This report reflects the VAT tax contribution of NN Group in all countries where NN Group has a presence.

Value-added taxes collected and borne by NN Group

in millions of euros	VAT charged to NN	VAT recovery	VAT collected and paid to the Governments	Total VAT contribution
The Netherlands	164.2	-17	26.2	173.4
Belgium	24.9	-0.2	0.2	24.9
Bulgaria				
Czech Republic	0.2	-3.6	4.5	1.1
France	0.1			0.1
Germany	0.1			0.1
Greece	4.9			4.9
Hungary	3.6	-0.8	0.2	3.0
Italy	0.1			0.1
Japan	26.8	-0.6	1.2	27.4
Poland	10.2	-0.7	0.9	10.4
Romania	0.9		0.1	1.0
Singapore	0.1	-0.1		
Slovak Republic	1.9	-0.2	0.2	1.9
Spain	8.1	-0.2	0.4	8.3
Switzerland				
Turkey	0.8		0.4	1.2
United Kingdom	0.3	-0.1		0.2
United States				
Uruguay				
Total VAT contribution 2021	**247.2**	**-23.5**	**34.3**	**258.0**
Total VAT contribution 2020	253.8	-29.0	31.6	**256.4**

Total Tax Contribution in 2021 continued

Insurance premium tax (IPT)

IPT is charged on behalf of the tax authorities on insurance premiums paid by customers directly to NN Group or via insurance intermediaries. Generally, non-life insurances are taxed while health and life insurances are exempted from IPT. Some of the countries where NN operates, such as Belgium, Greece and Romania, tax life insurances at a reduced IPT rate.

In 2013, the IPT tax rate in the Netherlands increased to 21% and is now at the same level as the general VAT rate. However, because of the non-deductible VAT in operational costs and in costs of non-life insurance claims, the effective combined tax rate of VAT and IPT is higher than the perceived IPT of 21% and can be more than 35% for individual non-life insurance. This is because non-deductible VAT is part of the cost (price) of the insurance product which makes insurances highly taxed. The IPT in this report is limited to direct payments by NN Group companies to the tax authorities. In the Netherlands this includes the fully owned insurance agent Zicht; however, NN Group's indirect IPT contributions on insurance products sold via third party insurance agents are not included as this data is not available to NN Group.

Insurance premium taxes collected by NN Group

in EUR million

Country	Insurance Premium taxes collected	
	2021	2020
The Netherlands	233.6	234.7
Belgium	49.9	50.2
Bulgaria		
Czech Republic		
France		
Germany	0.1	0.4
Greece	21.5	20.6
Hungary	0.6	0.5
Italy		
Japan	11.2	11.8
Poland		
Romania	0.6	0.5
Singapore		
Slovak Republic		
Spain	5.3	3.0
Switzerland		
Turkey	0.1	0.1
United Kingdom		0.2
United States		
Uruguay		
Total Insurance premium taxes collected and paid to tax authorities	**322.9**	**322.0**

Total Tax Contribution in 2021 continued

Payroll taxes (employer and employee)

NN Group had 15,147 employees in 2021 (2020: 15,118 employees). On salary payments to our employees, NN Group withholds payroll tax on salaries and additionally pays social and healthcare premiums and other employment taxes as part of the cost of employment. These taxes are paid to the relevant tax authorities by NN Group.

Payroll taxes (on insurance and banking products)

On most life insurance claims and some non-life claims, NN Group is obliged to withhold payroll taxes as part of the claim being paid. NN Group also withholds payroll taxes on banking products, such as severance payments savings in the Netherlands. Payroll taxes are directly paid to the tax authorities by NN Group. These taxes are withheld as an upfront payment of the client's income tax.

Subsidies

In 2021, NN Group and its Business Units generally did not make use of any material subsidies or tax incentives provided by the tax authorities.

Withholding taxes on dividends paid by NN Group

NN Group N.V. withholds taxes on cash dividends paid out to its shareholders. These taxes are collected and paid to the tax authorities following the period in which they are withheld. Withholding taxes withheld by third parties on interest and dividends received by the investment funds managed by NN Group are currently not included in this report.

Payroll taxes

in EUR million

Country	Payroll taxes (employer and employee) collected by NN Group	Payroll taxes on insurance products collected by NN Group	Total 2021	Total 2020
The Netherlands	359.1	1,021.8	1,380.9	1,313.4
Belgium	33	55.1	88.1	84.0
Bulgaria				1.1
Czech Republic	3.5	10	13.5	14.0
France	1.5		1.5	0.8
Germany	1		1.0	0.3
Greece	2.6		2.6	3.1
Hungary	7	0.7	7.7	6.1
Italy	0.7		0.7	0.6
Japan	23	0.5	23.5	25.2
Poland	5.5	1.4	6.9	6.3
Romania	9.5	1.7	11.2	8.6
Singapore	0.1		0.1	
Slovak Republic	5.6	2.2	7.8	6.8
Spain	17.6	12	29.6	28.0
Switzerland				0.2
Turkey	2.9		2.9	4.4
United Kingdom	2.4		2.4	1.6
United States	0.8		0.8	0.7
Uruguay	0.1		0.1	0.1
Total	**475.9**	**1,105.4**	**1,581.3**	**1,505.3**

Withholding taxes on dividend collected by NN Group

in EUR million	Netherlands 2021	Netherlands 2020
Withholding tax on dividends	**61.8**	**57.8**

Total tax contribution NN Group

To conclude and to provide an insight into the total impact of all taxes borne and collected by NN Group, we have introduced a total tax contribution measurement. The foundation of this measurement is that NN Group not only pays taxes which reflect a cost for our company (the taxes borne), but is also responsible for collecting taxes and passing them on to the tax authorities (taxes collected). These taxes are related to our business activities and charged to or on behalf of our clients, or they relate to taxes collected on behalf of employees or service providers.

The total tax contribution of NN Group therefore includes:

- The corporate income taxes paid by NN Group
- The total of the other taxes collected and paid by NN Group as outcome of its operations in the form of VAT, IPT, payroll taxes, and withholding tax on dividends paid by NN Group

There may be additional amounts which are paid to local tax authorities as a result of our economic activity which currently have not been taken into consideration in this report (for example, banking tax or contributions to the resolution fund or a rental tax). NN Group's Total Tax Contribution in 2021 amounted to EUR 2,621.1 million, with 80% of this amount paid to tax authorities in the Netherlands, and 20% to local tax authorities on behalf of our international business.

Total taxes collected and borne by NN Group

In EUR million

Country	Total taxes collected and borne	
	2021	**2020**
The Netherlands	2,096.7	1,858.7
Belgium	219.8	170.8
Bulgaria		2.8
Czech Republic	35.6	26.7
France	9.6	1.8
Germany	3.2	8.9
Greece	29.0	27.9
Hungary	14.3	13.2
Ireland	-16.0	
Italy	2.8	2.6
Japan	117.1	140.9
Poland	14.4	52.4
Romania	19.8	13.9
Singapore	2.1	
Slovak Republic	15.7	15.1
Spain	46.2	43.2
Switzerland	1.0	0.3
Turkey	4.3	5.6
United Kingdom	4.6	4.9
United States	0.8	1.7
Uruguay	0.1	0.1
Total	**2,621.1**	**2,391.5**

Our approach to reporting

We report on our tax payments to be transparent on how we create value for our stakeholders, deliver on our strategy and make a positive contribution in the communities where we operate.

Our approach to reporting continued

Structure

The Total Tax Contribution Report is published together with NN Group's Annual Report. The report is published on NN Group's website in the Investors/Annual Report section.

Reporting profile

This is NN Group's third Total Tax Contribution Report. The 2021 Total Tax Contribution Report seeks to provide an overview of the total tax payments made by NN Group to tax authorities in the countries NN Group operates and to reflect the contribution made to public finances by our business. The report is published on 10 March 2021.

Scope of the data

The report includes all entities over which NN Group has management control. In this report we provide insight into our tax position on a country-by-country basis. We note that the reported tax contribution is a minimum position. The report does not include all taxes and other contributions paid by NN Group to governments. The report is limited to corporate income tax, payroll tax, VAT, IPT and dividend withholding taxes. For the dividend withholding tax position we report on only the withholding on dividends paid by NN Group N.V. Other taxes such as real estate transfer taxes, rental taxes, or dividend taxes paid or withheld at the level of our (indirect) investments are currently not included in this report because the amounts are not material or because of these taxes are not reported to NN group as an investor. The scope of the reported data is presented in each definition hereafter. 'Tax' in this report means any amount of money required to be paid to, or repaid by, a government. In brief, the key information shown is as follows:

1. Taxes borne

These are the taxes that NN Group is obliged to pay to a government on its own behalf, or taxes that NN Group is obliged to pay to a third party and that cannot be recovered from a government. A list of the main taxes we have included in this category are:

- Corporate income tax (CIT) - This comprises any tax on the business calculated on the basis of its profits including rent resource taxes, income, and capital gains. Typically, these taxes are reflected in corporate income tax returns made to governments, and tend to become payable, and are paid, either in the year profits are made or up to one year later, depending on local tax rules as to timing of payments.
- Payroll taxes (employer) - This comprises payroll and employer taxes payable in a company's capacity as an employer. Typically, these taxes are reflected in payroll tax returns made to governments and tend to be payable, and are paid, regularly (often monthly) throughout the year, shortly after the submission of the return. These form part of operating costs.
- Irrecoverable indirect taxes – This comprises VAT that arises on purchases which cannot be recovered from governments as most of the activities of NN Group are VAT-exempted. These taxes form part of operating costs.

2. Taxes collected

These are the taxes that a company is obliged to collect from others and pay to a government. A list of the taxes included in this category are:

- Value-added tax (VAT) - This comprises amounts collected on outgoing services and sales, usually arising when the service is provided, or the sale is executed. These taxes form part of a VAT tax return made to the government and tend to become payable, and are paid, regularly (often quarterly) throughout the year shortly after submission of the VAT tax returns.
- Insurance premium tax (IPT) – This comprises amounts collected on insurances, usually arising when the insurance premium is written. These taxes form part of an IPT tax return made to the government and tend to become payable, and are paid, regularly (often quarterly) throughout the year shortly after the submission of the IPT tax returns.
- Payroll taxes (employee) - This comprises payroll and employee taxes withheld from employee remuneration and paid to governments. These taxes are reflected in payroll tax returns made to governments and tend to be payable, and are paid, regularly (often monthly) throughout the year shortly after the submission of the return.
- Payroll taxes (products) - This comprises taxes withheld from insurance payments and paid to governments. These taxes are reflected in claims paid to insured customers and tend to be payable, and are paid, regularly (often monthly) throughout the year shortly after the submission of the return.
- Withholding tax - This comprises tax charged on payments of dividends or other distributions of profits by NN Group. This tax becomes payable, and is paid, at the point of a distribution of dividend rather than in the year the profits actually arise.

Our approach to reporting continued

Review and approval

The data provided in our Total Tax Contribution report are based on the Annual Accounts and underlying data prepared by NN Group entities. All information is reviewed by NN Group's Disclosure Committee and is subject to approval by our Executive Board and Supervisory Board before publication.

Reporting guidelines

For the preparation of the report we have followed the Global Reporting Initiative (GRI) Topic standard for tax (GRI 207: Tax 2019). NN Group's annual reporting is accordance with the Standards from the GRI (core level). The GRI Index table shows on which GRI topic standards NN Group reports in this report and the Annual Review. Furthermore, for financial reporting, IAS12 Income Taxes, part of the IFRS-EU reporting framework, is the most relevant standard for the Total Tax Contribution Report 2021. We believe that reporting on tax transparency will become part of standardised reporting in the future, for example by the GRI Sustainability Reporting Standards 207 on tax, as effective per 1 January 2021.

External assurance

This Report has been subject to review by our external auditor KPMG. We refer to chapter 5 of this Report.

The Hague, 9 March 2022

The Executive Board

D.A. (David) Knibbe, CEO, Chair
D. (Delfin) Rueda, CFO, vice-chair

Assurance report of the independent auditor

To: the General Meeting of Shareholders and the Supervisory Board of NN Group N.V.

Our conclusion

We have reviewed the Total Tax Contribution Report 2021 ('Total Tax Contribution Report') of NN Group N.V. ('NN Group') based in Amsterdam and headquartered in The Hague. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed, nothing has come to our attention that causes us to believe that the Total Tax Contribution Report is not prepared, in all material respects, in accordance with the reporting criteria as included in the section 'Reporting Guidelines' in the chapter 'Our approach to reporting' (pages 26-28) of the Total Tax Contribution Report.

Basis for our conclusion

We have performed our review in accordance with Dutch law, including Dutch Standard 3000A 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information (attestation engagements)'. Our responsibilities in this regard are further described in the 'Auditor's responsibility' section of this assurance report.

We are independent of NN Group in accordance with the 'Verordering 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 'Verordering gedrags- en beroepsregels van accountants' (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The Total Tax Contribution Report needs to be read and understood together with the reporting criteria. NN Group is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the Total Tax Contribution Report are:

— GRI Standard 207 - Tax 2019 as issued by the Global Sustainability Standards Board; and

— EU-IFRS is the basis for financial reporting and in particular IAS 12 Income Taxes.

Scope of our review

The Total Tax Contribution Report is intended to provide insight how NN Group delivers value to society through its tax contributions. The Total Tax Contribution Report states that the reported tax contribution is a minimum position and does not include all taxes and other contributions paid by NN Group to governments. With respect to the data reported, our procedures are primarily focused on the reconciliation of the reported numbers with the 2021 consolidated annual accounts of NN Group and supporting underlying documentation. Our review cannot be considered as a tax assessment in respect of compliance of NN Group with tax legislation.

KPMG

Materiality

Misstatements and omissions are material if they, individually or in the aggregate, could reasonably be expected to influence relevant decisions of users taken on the basis of the subject matter information. Materiality is considered in the context of qualitative factors and, when applicable, quantitative factors. Based on our professional judgement, we set the materiality at EUR 100 million.

Limitations to the scope of our review

The Total Tax Contribution Report includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherently, the actual future results are uncertain. We do not provide assurance on this prospective information, nor on the assumptions used or the achievability of it.

The reference to external sources or websites in the Total Tax Contribution Report are not part of the Total Tax Contribution Report itself as reviewed by us. We therefore do not provide assurance on this information.

Responsibilities of the Executive Board and the Supervisory Board for the Total Tax Contribution Report

The Executive Board of NN Group is responsible for the preparation of the Total Tax Contribution Report in accordance with the reporting criteria as included in the section 'Our approach to reporting' of the Total Tax Contribution Report.

The choices made by the Executive Board regarding the scope of the Total Tax Contribution Report and the Reporting Policy are summarised in the paragraphs 'Scope of the Data' and 'Reporting Profile' of the Total Tax Contribution Report.

The Executive Board is also responsible for such internal control as it determines necessary to enable that the preparation of the Total Tax Contribution Report is free from material misstatement whether that is due to fraud or error.

The Supervisory Board is, among others, responsible for overseeing NN Group's reporting process.

Our responsibilities for the review of the Total Tax Contribution Report

Our objective is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determining the plausibility of information and vary in nature and timing from, and are less in extent, than for an audit engagement. The level of assurance obtained in review engagements with a limited level of assurance is therefore substantially less than the assurance obtained in audit engagements.

KPMG

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 decisions of users taken on the basis of the Total Tax Contribution Report. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Nadere Voorschriften kwaliteitssystemen' (NVKS, Regulations on quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal- and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included among others the following procedures:

- we performed an analysis of the external environment, and obtained an understanding of relevant social themes and issues, and the characteristics of NN Group;
- we evaluated the appropriateness of the reporting criteria used and their consistent application;
- we identified areas of the Total Tax Contribution Report with a higher risk of material misstatements, whether due to fraud or error;
- we tested whether the information in the Total Tax Contribution Report reconciles with the annual accounts and underlying documentation. We read and reviewed, on a limited test basis, relevant internal and external supporting documentation;
- we evaluated the presentation, structure and content of the Total Tax Contribution Report; and
- we assessed whether the Total Tax Contribution Report as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicated with the Executive Board and the Supervisory Board on the planned scope and timing of our review and shared significant findings from our review.

Amstelveen, 9 March 2022

KPMG Accountants N.V.

D. Korf RA

Appendix

Appendix continued

In 2019, the Global Reporting Initiative launched the 207 Tax standard, which is the first global standard for comprehensive tax disclosure at the country-by-country level. As from 2021, the 207 Tax standard is effective and NN Group is guided by this standard in reporting on its tax position. The below index table services as a reference from the GRI 207 Tax Disclosure to the relevant sections in our 2021 Total tax Contribution, Annual Report, and our corporate website.

GRI 207: Tax 2019

	Reference
	AR Annual Report
	TC Total Tax Contribution Report
	NN NN Group website

Indicator	Description of indicator	Reference
207-1 Approach to tax		
207-1 a	A description of the approach to tax, including:	
207-1 a i	Publicly available tax strategy	NN In society/NN's Approach to tax/Group Tax charter
207-1 a ii	Approvement and review of tax strategy	TC Our Approach to tax
207-1 a iii	The approach to regulatory compliance	TC Our Approach to tax
207-1 a iv	Link between approach to tax and the company's business and sustainable development strategies	TC Our Approach to tax
207-2 Tax Governance, control and risk management		
207-2 a	A description of the tax governance and control framework, including:	
207-2 a i	The governance body or executive-level position within the organization accountable for compliance with the tax strategy	NN In society/NN's Approach to tax/Group Tax charter
207-2 a ii	How the approach to tax is embedded within the organization	NN In society/NN's Approach to tax/Group Tax charter
207-2 a iii	The approach to tax risks, including how risks are identified, managed, and monitored	NN In society/NN's Approach to tax/Group Tax charter
207-2 a iv	How compliance with the tax governance and control framework is evaluated	NN In society/NN's Approach to tax/Group Tax charter
207-2 b	A description of the mechanisms for reporting concerns about unethical or unlawful behavior and the organization's integrity in relation to tax	AR Our Code of Conduct and other policies
207-2 c	A description of the assurance process for disclosures on tax and, if applicable, a reference to the assurance report, statement, or opinion	AR Page 47
207-3 Stakeholder engagement and management of concerns related to tax		
	The reporting organisation shall report the following information	
207-3 a	A description of the tax governance and control framework, including:	
207-3 i	The approach to engagement with tax authorities	TC Our Approach to tax

Appendix continued

Indicator	Description of indicator	Reference
207-3 ii	The approach to public policy advocacy on tax	TC Our Approach to tax
207-3 iii	The processes for collecting and considering the views and	TC Our Approach to tax
207-4 County by Country reporting		
	The reporting organisation shall report the following information	
207-4 a	All tax jurisdictions where the entities included in the organisation's audited consolidated financial statements are resident for tax purposes	TC Corporate Income Tax in the Annual Accounts
207-4 b	For each tax jurisdiction reported in Disclosure 207-4-a:	TC Corporate Income Tax in the Annual Accounts
207-4 b i	Names of the resident entities	TC Corporate Income Tax in the Annual Accounts
207-4 b ii	Primary activities of the organisation	TC Corporate Income Tax in the Annual Accounts
207-4 b iii	Number of employees, and the basis of calculation of this number	TC Corporate Income Tax in the Annual Accounts
207-4 b iv	Revenues from third-party sales	TC Not specified
207-4 b v	Revenues from intra-group transactions with other tax jurisdictions	TC Not specified
207-4 b vi	Profit/loss before tax	TC Corporate Income Tax in the Annual Accounts
207-4 b vii	Tangible assets other than cash and cash equivalents	TC Corporate Income Tax in the Annual Accounts
207-4 b viii	Corporate income tax paid on a cash basis	TC Corporate Income Tax in the Annual Accounts
207-4 b ix	Corporate income tax accrued on profit/loss	TC Corporate Income Tax in the Annual Accounts
207-4 b x	Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax	TC Corporate Income Tax in the Annual Accounts
207-4 c	The time period covered by the information reported in Disclosure 207-4	TC Corporate Income Tax in the Annual Accounts
207-4 Reporting recommendation		
2.3.1	Total employee remuneration	AR Section 28
2.3.2	Taxes withheld and paid on behalf of employees	TC Total Tax contribution 2021
2.3.3	Taxes collected from customers on behalf of a tax authority	TC Total Tax contribution 2021
2.3.4	Industry-related and ther taxes or payments to governments	Banking tax currently not in scope of the TTC
2.3.5	Significant uncertain tax positions	Not applicable
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	Not specified

Appendix continued

Glossary

In this report the following terms have the meanings shown below:

Cash tax rate
The cash tax paid as percentage of the accounting profit before tax.

Corporate income tax (CIT)
All taxes that are based on the taxable profits of the company for which the accounting is governed by International Accounting Standard IAS12.

Current tax
The corporate income tax due in respect of taxable profits of an accounting period, as defined in the International Accounting Standard IAS12.

Deferred tax
The corporate income tax due in respect of temporary differences between accounting values and tax bases, as defined in the International Accounting Standard IAS12. We refer to page 15 for a detailed description.

Effective tax rate (ETR)
The tax charge in respect of an accounting period divided by the accounting profit before tax. We refer to page 17 for a detailed description.

Government
Any governing body of a nation, state, region or district, but not including any commercial enterprises or financial institutions that may be controlled by a government.

NN Group
NN Group N.V. and its subsidiaries which are consolidated in the Annual Accounts.

Indirect tax
Tax that is required to be paid to a government by one entity on behalf of another entity.

Nominal tax rate
The statutory corporate income tax rate on profits in the different countries where NN Group operates.

Profit before tax
Accounting profit for a period before deducting a charge for corporate income taxes.

Tax
Any amount of money required to be paid to a government, whether by law or by agreement, including without limitation corporate income tax, property taxes, insurance premium taxes, employment taxes, VAT, sales taxes, stamp duties, dividend taxes and any other required payments.
Tax avoidance structure Created structure that makes legal use of tax laws to reduce the effective tax rate of the company.

Tax borne
Tax that an entity is obliged to pay to a government, directly or indirectly, on that entity's own behalf.

Tax charge
The amount of tax included in the income statement of a company for an accounting period.

Tax collected
Tax that an entity is obliged to pay to a government on behalf of another entity.

Tax Compliance Agreement
Agreement between taxpayer and Dutch tax authorities in which the fundamentals of their cooperation on basis of the Horizontal monitoring principle are expressed.

Total Tax Contribution
The sum of all taxes borne by NN Group (as a taxpayer) and taxes collected by NN Group on behalf of our clients, our employees, and our service providers.

NN Group N.V.
Schenkkade 65
2595 AS The Hague
P.O. Box 90504,
2509 LM The Hague
The Netherlands
www.nn-group.com