Committed to tax transparency

NN Group N.V.

Total Tax Contribution Report 2023

NN

Contents

You matter

At NN, we empower people to live life to the fullest by providing sound financial products and services, by being a trusted advisor, and by contributing to the well-being of society. We are committed to helping people care for what matters most to them. Because what matters to you, matters to us.

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

Disclaimer
Small differences are possible in the tables due to rounding. Elements referring to the corporate income tax are based on extracts of the NN Group 2023 Annual Report, for which. specific disclaimers mentioned in this report also apply.

Continuous improvement of tax transparency

> Paying our fair share of tax is one of the ways we contribute to society.

Annemiek van Melick
Chief Financial Officer

NN Group recognises the importance of promoting a tax policy meeting the interest of all stakeholders and contributing to society. By paying its fair share of taxes, NN Group contributes to the public finances, public services and sustainable development of the countries it operates in.

As an international insurance company, NN Group operates in a dynamic and complex environment, impacted by a wide range of geopolitical, economic, social and technological developments.

At the same time, we are aware that the global tax landscape is changing. Governments seek to modernise tax systems to deal with this development and (multinational) companies must prepare themselves for the subsequent new tax rules.

As from 2024, the global minimum tax rules (Pillar II) imposed by the EU have been implemented in the Netherlands, leading to a new wave of tax operating model transformations whilst looking ahead we see new initiatives such as BEFIT[1] which will further impact the tax landscape. Within NN Group Tax a deeper data strategy and more robust technology is required to fulfil and comply with these and other emerging reporting requirements, emphasising the more urgent need of harmonising and standardising data and automation of the reporting process.

But to NN, tax is also more than a reporting and compliance obligation, it also is a mean to realise our ambition. With the publication of this Total Tax Contribution Report, NN Group reports its total tax contribution corresponding to 2023, supporting the Group's strategic commitments.

1 Council Directive on Business in Europe: Framework for Income Taxation

1 Our approach to tax

Taking into account both the letter and the spirit of the tax laws and regulations

In 2023 our approach to tax is based on the same basic principles as previous years. We do however also see changes in the interests of stakeholders, at our clients and in the society in which NN Group operates. This requires the NN Group Tax function to adapt to these changed expectations as taxes are recognised on every aspect of our business: at a company level,and product level, on costs and on profits. Taxes are collected on behalf of the company and on behalf of customers, 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 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 nor 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, 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 in relation to our business (the taxes collected). Taken together, these taxes demonstrate NN Group's total tax contribution, as summarised in the table below.

Objective and scope

The objective of this Report is to provide information about the tax contributions by NN Group in 2023, relevant developments in the tax perimeter, and related actions taken by NN Group. In this Report, we provide information on tax for all 11 countries in which we operate. NN Group has a strong presence in a number of European countries and Japan. Our headquarter is in the Netherlands, also being our home market. The Dutch life and non-life insurance businesses represent almost 77.6% 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

In our Total Tax Contribution Report (TTC Report) we confine ourselves to tax contributions that are material or which we consider relevant as being specific to NN, our activities or the countries in which we operate. We do not report all the taxes that NN pays, such as municipal taxes, real estate transfer taxes, motor vehicle tax which are non-material and are part of the operating costs. Including such taxes would require disproportionate effort without adding more insight.

NN Group's Total Tax Contribution

EUR 942m

Taxes borne

These are the taxes that NN Group pays directly to tax authorities

+

EUR 1,636m

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 2,578m

Total Tax Contribution

This is the sum of taxes borne and taxes collected by NN Group

* This reflects only the withholding tax on dividends paid by NN Group. Refer to page 25 for further details.

Our presence

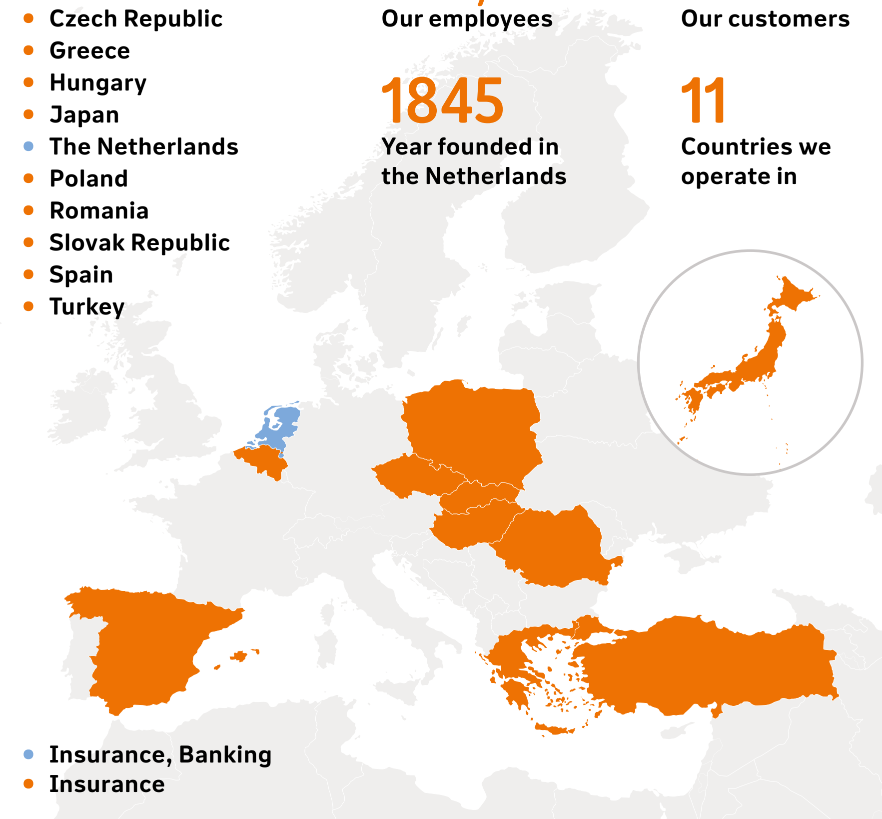
- **Belgium**
- **Czech Republic**
- **Greece**
- **Hungary**
- **Japan**
- **The Netherlands**
- **Poland**
- **Romania**
- **Slovak Republic**
- **Spain**
- **Turkey**

±16,000
Our employees

±19m
Our customers

1845
Year founded in the Netherlands

11
Countries we operate in



- **Insurance, Banking**
- **Insurance**

Our approach to tax continued

Tax as sustainability matter

At NN Group, we recognise the impact that sustainability developments have on taxation and simultaneously the impact that taxation has in helping create a more sustainable world. Taxes can play a vital role in achieving the Sustainable Development Goals (SDGs) and help create a more sustainable world through enhanced public services and investments. We support the instrumental use of taxes as a mean to change behaviour. Through paying the right amount of tax, at the right time and place, NN Group is committed to contributing to society.

Sustainability reporting

Sustainability reporting, i.e. the reporting on companies' commitments to sustainability matters, is becoming increasingly important for companies The changing perspective of tax being considered a sustainability matter, alongside emerging sustainability reporting standards and requirements, may require companies to increase their level of tax transparency.

The Corporate Sustainability Reporting Directive (CSRD) requires companies to report in 2025 on material sustainability matters of the first reporting year 2024. The sustainability report is based on the CSRD available reporting standards, or, if not provided for, on other available standards, such as the standards issued by the Global Reporting Initiative (GRI). At this point, taxation is not included as an a-priori material sustainability matter that needs to be reported on under the CSRD in the first reporting year 2024. If a sustainability matter is deemed material based on the materiality assessment that a company is required to conduct, that matter still needs to be included in the CSRD-report. The outcomes of the materiality assessment will be published in the 2024 CSRD reporting. We refer to page 13 of the Annual Report for a description of the double materiality assessment conducted in 2023 in line with the requirements of the upcoming CSRD

The NN Group Tax team (NN Group Tax) underpins the relevance of sustainability reporting and, more generally, the evolvement of tax as a sustainability matter. We continue the dialogue on taxes as a sustainability matter with our stakeholders through this extended public tax report based on the sustainability standard on taxes GRI-207.

We make note that environmental taxes or subsidies (e.g. carbon -, plastic - or sugar tax or green subsidies or incentives) are not included in this report, as they are currently not material, nor do they apply to NN Group's business.

NN Group Tax strategy

In 2023, NN Group Tax reassessed its NN Group Tax strategy in light of the changing environment and the need to be an efficient, effective, and engaging tax function at NN Group. The starting point for formulating the NN Group Tax strategy was NN Group's purpose, ambition, strategic commitments and values. Within that framework NN Group Tax has redefined the NN Group Tax strategy, taking into account:

- outcomes of interviews with stakeholders within the NN Group organisation with an outside perspective on the tax function;
- outcomes of a survey conducted among NN Group Tax members;
- the organisational and operational impact of new types of regulations, e.g. Pillar II;
- external stakeholder needs and expectations, e.g. on the area of the taxpayer's behaviour and tax reporting;

Our purpose

We enable NN to be a responsible taxpayer

Our ambition

We want to be a leader, known for our expertise, engaged people and contribution to society

Our strategic commitments

Contributor to society
We ensure that NN acts as a responsible taxpayer and therewith contributes to society

Tax control
We ensure that NN is in control of its tax position via a robust control framework

Best in class tax team
We want to be an engaging tax team, that efficiently and effectively manages tax operations throughout NN

Tax transparency
We are transparent about NN's tax behaviour and we actively engage with our stakeholders

Trusted business partner
We are a trusted business partner for NN Business Units and Head-Office functions in managing NN's tax operations

Our approach to tax continued

- the vision and the ambition that NN Group Tax would like to portray, including the values that we hold dear.

This led to the following NN Group Tax strategy:

The NN Group Tax strategy was reviewed and approved by the NN Group Management Board and Executive Board and was discussed with the Audit Committee of the Supervisory Board. The NN Group Tax strategy will be reviewed by NN Group Tax's Global Head of Tax on a yearly basis considering any changes in the NN Group's purpose, ambition, strategic commitments and values and changes in the tax landscape. The NN Group Tax strategy will be reviewed and approved by the NN Group Management Board and Executive Board every three years or when revised at an earlier timeframe. The NN Group Tax strategy will guide all NN entities, whereby NN Group has a controlling interest in the management or capital.

Tax Policy and Principles of Conduct

Following the update of the NN Group Tax strategy, we also updated our Tax Policy and Principles of Conduct. The update can be found on NN Group's website.

The principles of conduct are derived from the NN Group Tax strategy, the NN Group's ambition, strategic commitments and values and NN Group's view on tax as a sustainability matter. NN Group strives to be a responsible taxpayer. With our Tax Policy and Principles of Conduct we lay down the principles of behaving responsibly, meaning timely paying our fair share of taxes in the countries in which we operate. Please see below a summary of our principles of conduct and appreciate that principles, that depict standards of behaviour, may need to be specified or explained depending on the facts and circumstances of the situations at hand.

Our principles of behaving responsibly:

Timely paying our fair share of taxes in the countries in which we operate

Compliance
NN is committed to comply with both the letter and the spirit of the tax laws and regulations of the countries in which NN operates. NN is committed to pay the right amount of tax, at the right place and at the right time.

Tax follows business
We do not engage in artificial arrangements that do not respect business reality or which may be reasonably assumed to offer undue tax advantages. NN will not undertake or engage in arrangements of which the sole purpose is to create a tax benefit.

Low-tax rate or no tax jurisdictions or non-cooperative jurisdictions
NN does not make use of low-tax rate jurisdiction, no-tax jurisdictions or so-called non- cooperative jurisdictions, unless there is substance and the profits are generated by from local economic activities.

Tax incentives or exemptions
NN will only claim tax incentives or exemptions in line with the intent of such tax incentives or exemptions, provided that such incentives or exemptions are generally available.

Arm's length principle
For determining transfer pricing, NN applies the arm's length principles in line with the OECD Model Tax Convention and the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations.

Products
Our products may be designed and priced to achieve tax benefits that are specifically authorized by the government of a jurisdiction in which we operate. At the same time, we will not knowingly design products that enable clients to shelter information from tax authorities, to avoid taxation or to abuse laws and regulations.

Open and constructive relationships with Tax Authorities
Wherever we operate, we seek to establish and maintain open and constructive relationships with taxation authorities and/or other governmental bodies.

Transparency
We are transparent about our approach to tax and our tax positions.

Engaging in tax dialogue
NN seeks to engage constructively in national and international dialogues with governments, organized business groups or civil society to support the development of effective tax systems, legislation and administration.

Risk management
As a responsible taxpayer, we strive to be in control of our tax positions. Our approach to tax requires identification and prudent management of tax risks.

Compliance

Due to recent EU developments, the compliance burden for (multinational) companies has significantly increased. Besides regular tax returns (like CIT, VAT and Payroll taxes), companies increasingly need to report various types of information for tax purposes, like the European Directive Mandatory Disclosure Rules 6 and 7.

Moreover, the EU legislative proposal "VAT in the Digital Age" addresses the challenges in the area of VAT due to the rise of the digital economy and leads to digital reporting obligations which in turn results in companies being required to issue e-invoices to be reported to the tax authorities. Furthermore, in 2025, NN Group has to comply with the Pillar II[1] filing requirements in the Netherlands and in the local countries. These types of new tax legislation or requirements emphasize the more urgent need of standardising tax data and requires NN Group to adapt its tax operating model.

Tax follows business

In the new Pillar II[1] legislation, a provision for so called Joint Ventures (JV) is included. As a result, this JV can be required to file a separate Pillar II calculation based on a local stand alone Effective Tax Rate (ETR). If the standalone ETR is below 15%, a Pillar II levy would be applicable independent of the constituent group entities in the jurisdiction. The situation could be avoided, e.g. by selling one percent of the JV to a third party entity. NN Group considers this 'solution' questionable if the main purpose is to avoid the Pillar II levy. Simultaneously, we recognise that in some situations it may lead to double taxation or unnecessary administrative burden. Therefore a case by case analysis is needed to determine whether an action aligns with the NN Group Policy and Principles of Conduct.

Tax havens

One of the principles of behaving responsibly relates to low-tax rate, no tax jurisdictions or non-cooperative jurisdictions. Reference is often made to 'tax havens' and when applying this principle to NN's legal and investment structures, the question arises about which jurisdictions would disqualify as a consequence of this principle.
In practice, there is no general consensus on the definition of tax havens or non-cooperative jurisdictions, the concept is fluid and various definitions have emerged over time. For reasons of simplicity, efficiency, and to capture the dynamics of the definition, NN Group makes use of the existing Dutch list of low taxed states and non-cooperative jurisdictions for tax purposes as a standard reference material whilst assessing it from a substance over form perspective

Incentives or exemptions

Another principle of behaving responsibly relates to tax incentives, subsidies and exemptions. Based on this principle, NN Group will only claim the respective tax facilities in line with its intention and provided that such incentive, subsidy or exemption is generally available.

We consider tax incentives or subsidies as an aspect of a government's taxation policy, which is designed to incentivise or encourage a particular economic activity or behaviour by reducing tax payments. In 2023, NN Group could make use of the environmental investment deduction (milieuinvesteringsaftrek) for one of its real estate investments given the fact that the property met the sustainability requirements stipulated by the incentive.

We refer to tax exemptions as the exclusion of certain income, revenue or entities from tax. For example, NN Group make use of the Dutch participation exemption which aims, provided that certain conditions are met, to eliminate economic double corporate taxation of profit distributions paid by a subsidiary to its parent company. NN Group N.V. is the ultimate parent company of NN Group, and generally the Dutch participation exemption regime applies to income derived from its domestic and foreign subsidiaries

As stakeholders in this context, we recognize:

- **Society** The communities and environment impacted by the operations of NN Group.
- **NN customers** Our clients to whom we sell our NN services and products.
- **Governments** Tax authorities of the countries in which we operate, including regulatory parties such as the Dutch Central Bank.
- **Business partners** Suppliers and other contractual parties whom NN Group is engaging with
- **Employees** The people working at or on behalf of NN Group
- **Investors** Shareholders and other parties holding a financial interest in NN Group

Arm's length principle

NN Spain has requested a bilateral advanced pricing agreement (BAPA) in Spain. In this agreement, the Spanish tax authorities will collaborate with their Dutch counterparts to jointly determine a transfer pricing position for the allocation of head office costs from NN Group to NN Spain. As a result, these costs will then be deducted in the one country and taxed in the other country at the same amount preventing non- or double taxation. By signing this BAPA, both parties will gain more certainty regarding their transfer pricing arrangements, ensure compliance with the arm's length principle, and avoid potential future disputes with tax authorities.

1 For a more detailed explanation of the Pillar II rules we refer to NN Group's Total Tax Contribution reports of 2021 and 2022.

Our approach to tax continued

> **NN Group strives to stay ahead and support the setting of standards by being transparent and sharing insights in its approach to tax.**
>
> **Peter Paul Boon**
> NN Group Head of Tax

Products

NN Group assesses new and existing insurance products regularly every three years, or at an earlier moment against certain requirements (i.e. customer suitability, financial and non-financial risks). During this process, NN Group Tax assesses the alignment of the product characteristics with the Tax Policy and Principles of Conduct and analyses the (potential) tax impact. NN Group Tax is required to provide a sign-off before the product is introduced and at any subsequent three-year or prior (due to revision) product review.

Open and constructive relationships with tax authorities

We strive to work together with tax authorities in a constructive and transparent manner. In the Netherlands, NN Group participates in a cooperative compliance agreement by means of an 'Individual Tax Monitoring Plan' with the Dutch tax authorities. This requires two elements: (i) a strong relationship between the taxpayer and the tax authorities and (ii) effective risk detection and monitoring to ensure and proof that NN Group is in control of its tax position. For more details on our risk management activities, we refer to the paragraph 'Tax risk management' in this TTC Report. NN Group Tax actively communicates (business) developments within the company and their (potential) impact on taxation with the Dutch tax authorities.

NN Group is transparent on its tax affairs in all the 11 countries it operates. Where applicable, NN Group actively engages with local tax authorities.

Transparency

We extensively report on our approach to tax and total tax contribution on a country-by-country basis. We do so based on applicable standards and regulations. In doing so we also consider the needs of our stakeholders. Annually, we evaluate the elements of disclosure. In this 2023 Report, we decided to take a stand and include tax dilemmas that we face and in which we need to weigh in diverse interest and principles. NN Group is transparent about the international tax rulings it concluded with (local) tax authorities. It report on the current rulings which are in place being the Advance Pricing Agreement on the allocation of head office costs[2] and the request for a bilateral advance pricing agreement between Spain and the Netherlands regarding allocation of head office costs as mentioned on the previous page.

Engaging in tax dialogue

In an ever-evolving business landscape, stakeholder engagement is paramount for understanding critical issues that impact our business and resonate with our stakeholders. At NN Group, we recognize the significance of fostering meaningful connections with various stakeholder groups, including our customers, employees, shareholders, business partners, debt investors, regulators, and organizations representing wider society. Here is how NN Group actively engages with stakeholders and contributes to a sustainable future:

1. Tax Transparency Advocacy:
As a responsible corporate citizen, NN Group is a proud member of the tax working groups at the Confederation of Netherlands Industry and Employers (VNO-NCW) and the Dutch Association of Insurers. Through active participation, we advocate for tax transparency and fair taxation practices. Our involvement in these working groups enables us to evolve our tax strategy, aligning it with stakeholder expectations. We focus our reporting efforts on the issues that matter most to our stakeholders, including our responsible business practices and tax policy.

2. Thought Leadership through Seminars:
NN Group actively contributes to thought leadership by participating in seminars, conferences, and knowledge-sharing events. Our experts engage with industry peers, regulators, and other stakeholders to discuss emerging trends, challenges, and best practices. By sharing insights and expertise, we contribute to a broader understanding of sustainability, including the role of taxation. These interactions foster collaboration and drive positive change.

3. Sustainability Ratings and Benchmarks:
We participate in various sustainability ratings and benchmarks. For instance, the Dow Jones Sustainability Indices, curated by S&P Dow Jones Indices which includes taxation as a critical topic. Furthermore, the Tax Transparency Benchmark, published by the Dutch Association of Investors for Sustainable Development (VBDO), provides a comparative study of fiscal transparency among European and Dutch stock-listed companies. NN Group actively contributes to this benchmark, promoting transparency and accountability.

2 We refer to our TTC Report 2019 and 2022.

Our approach to tax continued

4. Feedback-Driven Improvement:
We regularly complete questionnaires on our policies and practices.
These assessments are adjusted to align with evolving stakeholder expectations. Feedback from sustainability ratings, benchmarks, and stakeholder interactions informs our continuous improvement journey. It guides us in refining our approach and ensuring alignment with stakeholder needs.

5. Transparent Reporting:
NN Group's corporate website features a dedicated section on responsible business practices, including our tax policy. We believe in transparency and aim to keep stakeholders informed about our actions and progress.
Through stakeholder engagement, thought leadership, and transparent reporting, NN Group remains committed to building a sustainable future; one where responsible tax practices play a pivotal role in creating lasting value for all stakeholders.

Tax risk management

As a responsible taxpayer, we strive to be in control of our tax positions.
As stated in our Tax Policy and Principles of Conduct, our approach to tax requires identification and prudent management of tax risks. We do so as defined in our internal Tax Risk Management Policy.

Tax risks are monitored through our Tax Control Framework. Tax risks are risks associated with our organisation's tax practices that might lead to a negative effect on the goals of the organisation, like financial impact, reporting errors or reputational damage.

We recognize several types of tax risk:
- compliance risks, i.e. reports of tax information, filings and/or payments required by regulatory agencies are incomplete, inaccurate and/or not timely;
- reporting risks, i.e. wrong application of accounting rules and regulatory requirements;
- risks from changes in legislation; and
- non-optimal tax positions, e.g. structures leading to double taxation.

Following our risk appetite statement in the Tax Risk Management Policy, NN is deemed to avoid or even eliminate these risks from happening. Our risk response depends on the type of risk, the likelihood - and impact analysis in combination with the risk appetite.
For instance, compliance risks are mitigated by using automated validation controls and review controls. Reporting risks are mitigated by the review of tax positions, including reconciliations. Risks from changes in legislation are mitigated by various knowledge sessions, keeping our tax technical expertise up to date.

Tax risks are identified via end-to-end process analysis. The risks and risk responses are included in NN's risk and control matrix. The operational and design effectiveness of controls is tested by internal second line experts based on a testing plan.

NN Group Tax Charter

The NN Group Tax Charter has been revised to adjust in a tax landscape that is continuously changing. The NN Group Tax Charter is meant to clearly state and describe the authority and the roles and responsibilities that the NN Group Tax Function has in relation to the Dutch and International Business Units, as well as the headoffice functions processes with tax impact. We refer to the picture at the next page.

The NN Group Tax Charter includes the responsibilities related to the reporting line towards the CFO.
These responsibilities include approving the NN Group Tax Strategy and Tax Policy, consulting the CFO on relevant matters, and informing the CFO about relevant developments and key risks that could jeopardize the NN Group Tax position.

The revised NN Group Tax Charter serves for internal purposes and has been replaced in the NN Group website by the updated Tax Policy and Principles of Conduct.

Governance

In line with the Dutch Corporate Governance Code 2022, the Executive Board of NN Group shall specifically formulate, record and implement the company's strategy in line with its view on sustainable long-term value creation. This strategy includes, among others, (i) paying a fair share of tax to the countries in which NN Group operates and (ii) responsible tax practices.

The NN Group Tax team in 2023

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

Our approach to tax continued

The Dutch Corporate Governance Code 2022 requires the Supervisory Board to oversee the manner in which the Management Board implements the strategy for sustainable long-term value creation, and focuses amongst other things on the company's tax policy implementation. To enable the Supervisory Board to execute its duties, NN Group Tax informs the Audit Committee of the Supervisory Board on a yearly basis on:

- the implementation of and adherence to the NN Group Tax strategy and Tax Policy and Principles of Conduct;
- changes of the tax landscape, both on the area of tax regulations, as with respect to reporting requirements or expectations, as well as internal developments that might have an impact on NN Group Tax;
- the risk profile per type of tax, including material risk positions and the risk response;
- the tax postions;
- and developments in relation to tax authorities.

The Audit Committee of the Supervisory Board performs an annual deep dive into the way that taxes impact NN Group and the way that developments impact the tax positions of NN Group.

NN Group Tax is part of the NN Group Finance function reporting to the Chief Financial Officer (CFO). NN Group Tax annually reviews the implementation and execution of the NN Group Tax strategy and Tax Policy and Principles of Conduct and reports the outcome to relevant internal stakeholders. Besides the reporting to the Audit Committee of the Supervisory Board, NN Group Tax internally reports the following:

- Frequent updates throughout the year to the CFO, at least bi-monthly.
- An update on tax is provided, on a quarterly basis, to the financial committees within NN Group in which the CFO, the Chief Risk Officer (CRO) and Heads of Finance departments are represented.

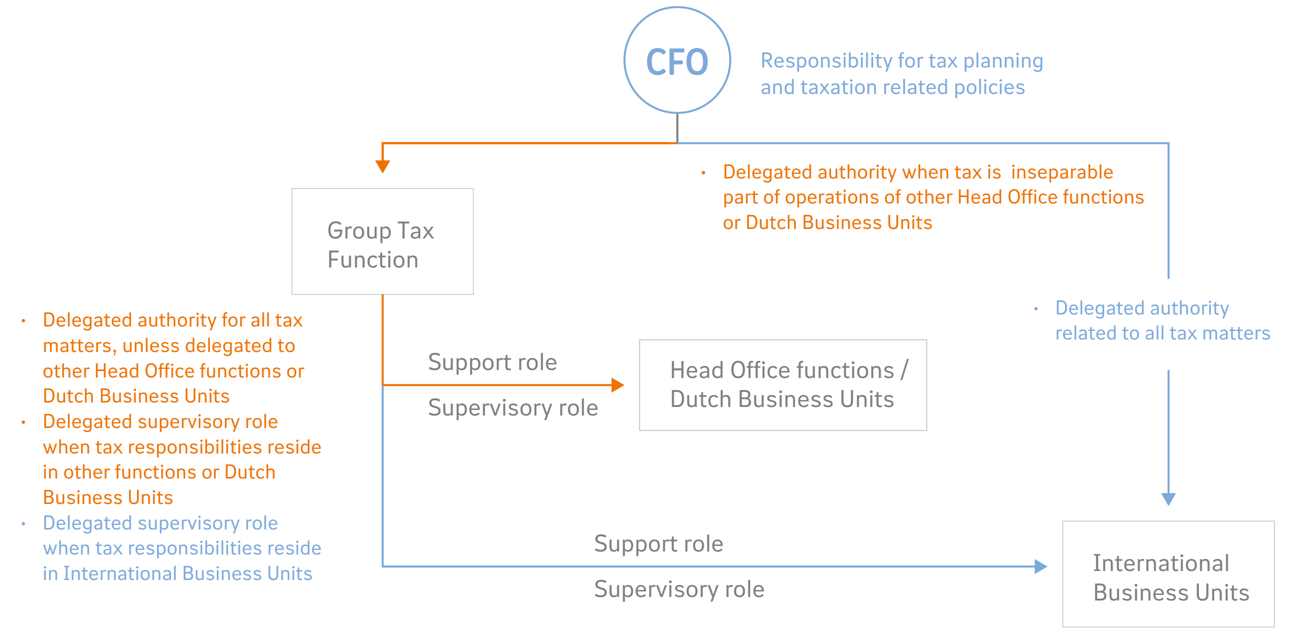
Training

The rapidly changing tax landscape requires constant training of NN Group Tax on tax law and jurisprudence and to adopt new capabilities and skills.

In 2023, NN Group Tax followed a sustainability training program. The focus for 2024 will be on risk management and tax technology, to support more effective and efficient tax processes.

NN Group Tax creates tax awareness throughout the organization by internal training sessions and courses for senior management and for employees involved in tax matters outside NN Group Tax and that reside in other head-office functions and business units. Our colleagues are, amongst others, trained to execute their responsibilities in line with the Tax Policy and Principles of Conduct and to recognize tax risks in their day-to-day operations. We believe that active sharing of tax knowledge with our colleagues is a building block of our Tax Control Framework. In 2023, NN Group Tax facilitated several education sessions such as payroll tax events for employees within NN's business units involved in the payroll administration and sessions on VAT, IPT and Pillar II.

NN Group Tax Charter



Highlights 2023

Dutch Budget Day 2023

On Budget day 2023 (Prinsjesdag), the Dutch government presented its 2024 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.

Abolishment share buy back facility

An Share Buy Back ("SBB") is qualified as a dividend distribution, as the company repays part of its own funds to the shareholders. Therefore, in the Netherlands, a SBB is taxable for withholding tax (WHT) to the amount the company has retained earnings. An SBB is generally executed via intermediaries at an open market leading to no information of the seller at the company and no option to withhold taxes of the transaction price. As a result, the company needs to gross up the WHT at an effective rate of 17,65% of the taxable base being a cost to the company.

An SBB provides a clear business rational as a redemption of the outstanding share when issuing stock dividend or reducing excess capital without disrupting the dividend policy. This is why in 2001 the Netherlands has introduced, like other countries in the EU, a WHT exemption for SBB's. However, this exemption goes with strict conditions to prevent misuse. First of all, an SBB cannot be used to replace regular cash dividend because in the respective year of the SBB, the company is required to also pay a cash dividend for at least an amount calculated on previous years paid cash dividends[3]. Secondly, the yearly facilitated SBB amount is maximized, based on the company's average cash dividends and the amount of the facilitated SBB's in the recent years. Lastly, artificial actions are prevented because the share capital of the company cannot be increased other than for business reasons in the recent years. In previous years, the SBB's of NN Group met all of the legal requirements and the exemption was applied by NN Group.

Other taxes

In this TTC Report, NN Group reports the taxes borne and collected with respect to CIT, VAT, IPT payroll taxes and dividend withholding taxes. Although NN Group considers this as the most material taxes, this report provides not a complete overview of NN Groups tax contribution; NN Group and its Business Units are also liable to local taxes which might be material. Examples of some of these taxes include, amongst others, the following:

Poland - banking taxes

A tax on certain financial institutions (so-called "banking tax") is levied on banks, insurance companies and lending companies. Consequently NN Poland is subject to a tax rate of 0.44% per annum on it's assets leading to a tax payment of approximately EUR 10,7 mln. in 2023.

Spain - Insurance surcharges

NN Spain collects and pays surcharges to the Spanish Insurance Compensation Consortium. This Consortium is responsible for compensation of extraordinary risks, which are not covered by insurers, such as very serious natural phenomena or claims arising from political or social conflicts. Furthermore, in case of bankruptcy of a Spanish insurance company, it protects all creditors, policyholders, beneficiaries and injured third parties.

Real estate transfer taxes

NN Group has a broad diversified real estate portfolio across Europe hold as directly owned real estate objects, a share in joint ventures or a participation in specific real estate investment funds. In case of a transfer of an ownership interest of such holding real estate transfer taxes (RETT) might be due.

As an example, in 2022, NN Group was assessing with the German Tax Authorities the indirect change of ownership interest in a German real estate joint venture.
In 2014 and 2019, a restructuring took place at the level of the joint venture partner whilst in 2016 the listing of NN Group was completed. Prior to 2021, German RETT rules were applicable in case of a change of shareholding in a German real estate entity of more than 95% during a period of five years. The German tax authorities were of the opinion that the combination of the NN listing and the restructuring at the joint venture partner qualified as a triggering event for German RETT. In 2023, parties came to a understanding that the restructuring in 2014 and the NN listing are to be treated as such a triggering event.

3 Including an inflation correction.

Our approach to tax continued

The 2024 Tax Plan package abrogated the exemption for share buy backs (SBB) by listed companies per 1 January 2025[4]. As such WHT will be due.

The taxable basis is the purchase price exceeding the average paid up share premium per share, whereby share premium is defined as the nominal value per share including the fiscal agio. At NN Group the total fiscal agio per YE2023, as confirmed by the Dutch tax authorities, is EUR 6,3 bn or approx. EUR 22,00 per outstanding share. Awaiting the outcome of the political debate on a reinstatement of the exemption as expected in first half year 2024, NN Group will determine its SBB-policy as of 2025.

Minimum capital rule for banks and insurance companies

As per 2024, the equity threshold in the minimum capital rule for banks and insurance companies has been increased from 9% to 10,6%, leading to a higher amount of interest expenses becoming non-deductible for tax purposes.

The rise is a result of the exclusion of interest paid on intra-group loans from the non-deductible interest base. From a governmental budget perspective, the exclusion is compensated with an increase of the equity threshold.

The minimum capital rule for insurance companies was introduced in the Netherlands on 1 January 2020. At introduction the threshold, being an equity/total assets ratio based on the Solvency and Financial Condition Report of the insurance company, was set at 8%. In 2021 the threshold already increased to 9%.

When the actual equity/total assets ratio remains below the threshold, non-deductible interest for tax purposes can occur.

The ratio at NN per 1 January 2023 was 9,5%. Given the ratio is above the threshold of 9%, there is no limitation in deductibility of interest expenses in 2023. The ratio at NN per 1 January 2024 is 8.9% which is below the 2024 threshold of 10.6%, resulting in interest expenses being not deductible for tax purposes in 2024. Based on the previous year numbers, the non-deductible interest would be approximately EUR 8 mln. Due to NN having its treasury department located at the Dutch Head Office, and not having internal inbound loans, the exclusion of interest paid on intra-group loans does not have an offset at NN.

New rules on dividend stripping

The new measures against dividend stripping have entered into force as of 1 January 2024.

Dividend stripping refers to a transaction in which a (foreign) shareholder transfers its right to receive a dividend (i.e. the legal ownership) to another taxpayer prior to the declaration of the dividend, to obtain a tax benefit. The legal and economic ownership are temporarily split because the foreign shareholder cannot offset the (Dutch) dividend withholding tax against personal or corporate income taxes, while the transferee is allowed to offset the tax. The new Dutch measures to strengthen the approach to dividend stripping contain the following : (i) the inclusion of the record date of listed shares under the Dividend Tax Act 1965, and (ii) the requirement for taxpayers to demonstrate that they are the beneficial owners of the dividends when seeking an offset, a refund, or an exemption of dividend withholding tax.

At NN, certain dividends are received for the benefit of policyholders via unit linked and pension savings products. Within these portfolios, NN invests in a diversified portfolio of external funds on behalf of its clients. NN Group credits the dividend withholding tax on the distributions received from these funds to the full benefit of the policyholders

In the political debate on the dividend stripping proposal, the Dutch parliament confirmed that an insurance company or a Premium Pension Institution investing on behalf of its policyholders, is to be considered as the beneficial owner of the dividend. This confirmation protects the interest of policyholders.

Update on Anti-Base Erosion rules (Pillar II)

As per 31 December 2023, the Netherlands has implemented the Dutch Pillar Two Act in line with the Pillar EU Directive of 14 December 2022. The aim of the Pillar II rules is to ensure that multinationals (MNEs) pay a minimum effective tax rate of 15%. Within NN Group, a project group with participants from several disciplines is currently working on the implications and implementation of Pillar II.

A so-called roadmap has been designed that contains the steps necessary for a Pillar II calculation to be in place at the time of the quarterly reporting for Q1 2024. Although a lot of countries implemented their local Pillar II rules in a variety of interpretation, also many countries did not (yet) implement Pillar II. Furthermore, inconsistencies in the Pillar II rules are being recognized and also the guidance by the OECD is still being developed. These circumstances makes it quite challenging for MNE's to implement their Pillar II reporting framework.

In its design, NN has chosen for a centralised approach creating an expert- and reporting centre at NN Group Tax and standardise as much as possible along the existing reporting lines. The implementation of the Pillar II reporting is done in close cooperation with all international business units to ensure completeness and rightness of the required data for the quarterly reporting as from 1 January 2024.

4 The Dutch State Secretary of Finance has mentioned during the discussion of the bill that the new government will present alternative measures for this abolishment in mid-May 2024.

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.

DAC 6

As a result of the Dutch implementation of the sixth amendment 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 2023, NN Group did not report any DAC 6 transactions towards the Dutch or other foreign tax authorities.

DAC 7

As part of its initiative to bring the digital economy into the scope of taxation, the European Commission introduced the seventh amendment on the Directive of Administrative Cooperation to ensure that sellers who generate income from goods or services via online platforms pay their fair share of taxes. As per 1 January 2023, new reporting obligations for digital platform operators were introduced in the Netherlands (DAC 7). The operators are required to identify, trace, and report on revenues made by their reportable sellers, regarding reportable activities in their digital platforms, to the competent authority in a member state. The relevant competent authority will subsequently exchange the information with the competent authority in the member state where the reportable seller is tax resident. The reportable activities performed through digital platforms include:

- rental of immovable properties,
- personal services,
- sales of goods, and
- rental of any mode of transport.

Whereas a preliminary assessment by NN Group Tax had led to the assumption that DAC 7 would not apply to the business activities of NN Group, based on recent discussions with the Dutch tax authorities it could be concluded that certain supporting activities, such as repair- or prevention services, fall within the scope due to the nature of how it is organised. NN Group is in the process of analysing to what extent such activities may fall within the formal scope of DAC 7. Where it not expected that the reporting activities will be substantial, it is clear that this creates an extra reporting burden for companies, also when their activities are not primarily targetted

Our approach to tax continued

A view on the tax aspect of IFRS 17 introduction at NN Group in the Netherlands

Sigrid Hemmer - Corporate Income Tax specialist NN Group Tax

Sigrid Hemmer has been working as a tax specialist in the financial sector for 26 years. She was involved in the implementation of IFRS 17 at NN Group. We asked Sigrid to elaborate on her role as a tax specialist in this project, the challenges therein and the impact this new standard has on the tax position of NN Group.

As a start, can you indicate what the new IFRS 17 standard imply?

As of 1 January 2023, two new IFRS standards have become effective for insurance companies which introduced new concepts of income recognition measurement and classification of financial instruments (IFRS 9) and income measurement and classification and recognition and valuation of insurance contracts (IFRS 17). Specifically the implementation of IFRS 17 at current valuation accounting, has led to completely new accounting positions and procedures in comparison to the former applicable IFRS 4 standard, which accounting was based on historical assumptions.

To what extent does IFRS 17 impact the tax position of NN Group?

The tax position of multinational enterprises is generally based on the IFRS numbers reported in the Annual Accounts. These IFRS numbers are then accordingly adjusted to determine the tax base. This new IFRS standard changed the underlying basis. It was therefore necessary for NN Group Tax to gain a thorough insight into the impact of IFRS 17 at the Dutch NN insurance companies (mainly NN Life and NN Non-Life) to understand the potential impact on the Dutch tax position of NN Group and to validate this new basis for tax purposes.

Can you explain why the tax position of NN Group in the Netherlands was impacted by IFRS 17?

At NN Life the impact of IFRS 17 mostly relates to the deferred tax position because the tax valuation of Dutch life insurance contracts itself remains based on specific Dutch tax regulation, which prescribes a valuation at historical assumptions, similar to IFRS 4 accounting. However, the introduction of IFRS 17, at current valuation accounting, has led to a change in the reported value in the balance sheet, whilst the tax value remains unchanged. This change in the balance sheet led to an impact on the deferred tax position of NN Life.

At NN Non-Life, the tax valuation of insurance liabilities in the Netherlands is based on the principle of sound business practise ("goed koopmansgebruik"). As of 1 January 2023 the international reporting standards replaced IFRS 4 by IFRS 17 as being sound business practise. Therefore, at NN Non-Life the IFRS 17 value is used as the basis for the tax valuation of insurance liabilities.

How did NN Group Tax engage with the tax authorities on the implementation of IFRS 17?

NN Group Tax informed the Dutch tax authorities in an early stage on the implementation of IFRS 17. In meetings and by presentations NN explained the technicalities and pre-alignment on the principles, and the potential impact was initiated. In January 2024, the Dutch Tax Authorities and NN Group expressed their intention to use IFRS 17 as a basis for tax valuation for non-life business for at least the upcoming three years to experience how IFRS 17 reporting will develop.

Given the fact that there is no IFRS 4 reporting, how can you assure at NN Life that you report the correct tax numbers?

Because accounting at historical assumptions is no longer used under IFRS 17, this meant a separate reporting process had to be maintained for tax purposes. As part of our Tax Control framework, specific controls were implemented at NN Life to ensure the rightness and completeness of the reported tax valuations.

What challenges do you see for IFRS 17 in the future?

Since the tax valuation of the non-life insurance products is based on IFRS 17, any amendment will have an impact on the tax valuation. Therefore, it is important to remain involved and maintain strong cooperation with our finance colleagues in the business units to share insights and exchange knowledge. And of course, we will continue our alignment with the tax authorities on future developments in IFRS 17 and how this can influence NN's tax position.

In general, the importance of managing the tax position of an insurer lies within matching the (realisation of) deferred tax assets with deferred tax liabilities in Solvency II (see also the NN Group TTC report 2022 – page 15). Where the tax valuation of assets and liabilities is based on IFRS 9 and IFRS 17, any change in accounting principles is relevant to the tax position. As such, to NN Group Tax it remains vital to stay aligned with developments in the financial reporting.

2 Corporate income tax in the annual accounts

Our Corporate income tax position

Information on corporate income tax (CIT) has been published in the 2023 Annual Accounts. This chapter includes tables from the 2023 Annual Accounts. All financial amounts in these tables are in millions of euros, unless stated otherwise.

Corporate income tax in the annual accounts continued

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 postretirement 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. 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 remaining or net 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 legal 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 186 million) was not recognised. The income tax charge of EUR 348 million in 2023 represents an effective tax rate (ETR[1]) of 22.7% on the result before tax from continuing operations. This ETR is lower than the weighted average statutory tax rate of 24.7% The ETR is impacted due to the fact that a large part of NN Group's result before tax is based on investment income, including income from 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. We note that NN Group's ETR is higher than the insurance industry average of 19.5% as published by S&P Global.[2]

1 We refer to page 17 of the 2021 Total Tax Contribution report of NN Group for an explanation of the differences in effective and statutory tax rate.

2 S&P Global Corporate Sustainability Assessment, CSA Companion 2023, page 108 'Average effective tax rate & Cash Tax Rate for each of the 24 GICS® Industry Groups'.

Corporate income tax in the annual accounts continued

Deferred tax (2023)

	Net liability 2022 (Restated)	Changes through equity	Changes through net result	Changes in the composition of the group and other changes	Foreign currency exchange differences	Net liability 2023
Investments	-3,158	953	-3	55	1	-2,152
Investments in real estate	1,162		-151	2		1,013
Fiscal reserves			36			36
Insurance contracts	1,572	-923	150	-197	-8	594
Cash flow hedges	1,005	-15				990
Unused tax losses carried forward	-131		-3			-134
Other	43	-5	-56	84		66
Deferred tax	**493**	**10**	**-27**	**-56**	**-7**	**413**
Presented in the balance sheet as						
Deferred tax liabilities	624					559
Deferred tax assets	131					146
Deferred tax	**493**					**413**

Deferred tax on unused tax losses carried forward

	2023	2022 (Restated)
Total unused tax losses carried forward	757	716
Unused tax losses carried forward not recognised as a deferred tax asset	-186	-196
Unused tax losses carried forward recognised as a deferred tax asset	**571**	**520**
Average tax rate	23.4%	25.1%
Deferred tax asset	**134**	**131**

Total unused tax losses carried forward analysed by term of expiration

	No deferred tax asset recognised		Deferred tax asset recognised	
	2023	2022 (Restated)	2023	2022 (Restated)
Within 1 year	18	4		
More than 1 year but less than 5 years	32	49	171	9
More than 5 years but less than 10 years	5	7	15	
Unlimited	131	136	385	511
Total unused tax losses carried forward	**186**	**196**	**571**	**520**

Taxes in the cash flow statement

The total tax contribution of NN Group was EUR 2,578 million for 2023 (see page 26). 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 270 million in 2023 (2022: EUR 145 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. To create a stable cash tax income, governments in various countries introduced local legislation that allows tax losses to be offset up to a maximum percentage of the taxable base. This means that even in a situation of tax losses, the relevant entities will pay cash taxes on profits realised in 2023.

It should also be observed that the cash tax amounts are not only 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.

Taxation on result

	2023	2022 (Restated)
Current tax	375	-51
Deferred tax	-27	159
Taxation on result	**348**	**108**

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

	2023	2022 (Restated)
Result before tax	1,532	648
Weighted average statutory tax rate	24.7%	24.2%
Weighted average statutory tax amount	**378**	**157**
Participation exemption	-49	-124
Other income not subject to tax and other	22	-11
Expenses not deductible for tax purposes	8	30
Impact on deferred tax from change in tax rates	-4	
Deferred tax benefit for previously unrecognised amounts	-2	5
Tax for non-recognised losses		2
Write-off (reversal) of deferred tax assets		-6
Adjustments to prior periods	-5	55
Effective tax amount	**348**	**108**
Effective tax rate	**22.7%**	**16.6%**

Principal subsidiaries and geographical information (2023)

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 revenues[2]	Total assets	Result before tax	Taxation[3]	Income tax paid	Effective tax rate[4,5]
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							
The Netherlands		**9,127**	**15,128**	**165,114**	**1,277**	**295**	**147**	**23.1%**
NN Life Insurance Company, Ltd.	Life insurance							
Japan		**976**	**914**	**14,683**	**116**	**30**	**93**	**25.2%**
NN Insurance Belgium nv	Life insurance							
Belgium		**639**	**688**	**10,402**	**-83**	**-18**	**1**	**21.7%**
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		**580**	**562**	**4,516**	**16**	**2**	**6**	**14.6%[6]**
Nationale-Nederlanden Towarzystwo Ubezpieczeń na Życie S.A.	Life insurance							
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.	Pensions							
Poland		**1,169**	**770**	**3,461**	**150**	**33**	**-3**	**21.2%**
NN Biztosító Zártkörûen Mûködõ Részvénytársaság	Life insurance							
Hungary		**488**	**205**	**1,313**	**8**	**2**	**2**	**30.5%**
NN Hellenic Life Insurance Co. S.A.	Life insurance							
Greece		**581**	**601**	**4,289**	**20**	**3**		**16.7%**
NN Životní pojišťovna N.V. (pobočka pro Českou republiku)	Life insurance							
Czech Republic		**688**	**250**	**1,299**	**25**	**1**	**4**	**3.1%[7]**
NN Asigurari de Viata S.A.	Life insurance							
Romania		**512**	**265**	**1,082**	**40**	**7**	**4**	**18.2%**
NN Životná poisťovna, a.s.	Life insurance							
Slovak Republic		**392**	**177**	**786**	**36**	**9**	**7**	**24.0%**
Turkey		**195**	**27**	**42**		**-2**		**>-100%[8]**

Corporate income tax in the annual accounts continued

Principal subsidiaries and geographical information (2023)

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 revenues[2]	Total assets	Result before tax	Taxation[3]	Income tax paid	Effective tax rate[4) 5)]
United Kingdom				**51**	**8**			**5.1%[9)]**
Germany			**-22**	**595**	**-22**	**-5**	**3**	**22.4%**
France			**-48**	**831**	**-54**	**-7**	**5**	**13.3%**
Italy			**4**	**268**	**4**		**1**	**0.6%[10)]**
Argentina		**1**						
Mexico		**1**	**1**	**14**	**7**	**2**		**30.3%**
Denmark			**-15**	**195**	**-16**	**-4**		**22.5%**
Total		**15,349**	**19,507**	**208,941**	**1,532**	**348**	**270**	**22.7%**

1. The average number of employees is on a full-time equivalent basis.
2. Revenues reconciles with the sum of insurance income, net investment result and fee and commission result, as presented in the consolidated income statement.
3. Taxation is the taxation amount charged to the profit and loss account.
4. No effective tax rate calculation can be made if a country has no taxation amount.
5. If the rounded taxation amount is reported as 0, then the ETR is based on the actual taxation amount.
6. The ETR is mainly caused due to the mixture of IFRS profits and losses of individual entities blending the effective tax rate.
7. The ETR is mainly caused by tax rate changes.
8. The negative ETR is mainly caused by a tax benefit related to the use of previously unrecognised tax losses.
9. The ETR is mainly caused by a release of a provision under IFRS, which is tax exempt.
10. The ETR is mainly caused by the recognition of previously unrecognized deferred tax positions, exempt gains and notional interest deduction.

3 Total Tax Contribution in 2023

Taxes paid and collected

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.

Total Tax Contribution in 2023 continued

Value Added Tax (VAT)

As a basic, in the system of VAT, a company providing services[1] has to charge VAT to its customers and the company can also reclaim the VAT it has paid to its suppliers. This VAT collected with deduction of the reclaimed VAT is paid to the tax authorities in the country of the transaction. This means that, on a net basis, VAT is only charged and paid at the value added by the company. Financial services such as banking and insurance are in general exempted for VAT. As a result no VAT is charged on e.g. insurance premiums or mortgage interests paid by its customers to NN Group.

Being exempted for VAT also means that NN Group is not allowed to reclaim the VAT it has paid to its suppliers in the situation these supplies in any way relate to the VAT exempted services. This is the case for most of the supplies to NN Group. This non-reclaimable VAT is economically a cost to the company, contrary to what the wording 'exemption' might suggest. VAT taxable business at NN Group, such as pension administration services, rental of commercial real estate or head office costs charged to NN's international business units, is charged by NN Group including VAT and paid to the tax authorities. For supplies purchased and which fully relate to this VAT taxable business, the VAT is deductible by NN Group like at any other company. Here the basic rule applies.

When a company provides a combination of VAT taxable- and VAT exempted services, a special rule has to be applied to be able to reclaim some of the VAT paid to suppliers. At NN Group in the Netherlands this reclaim, the so called pro rata reclaim, is generally on average less than 2% out of the 21% VAT. The pro rata reclaim of the year 2022 which was submitted in 2023 led to a substantial higher VAT recovery than in previous years. This was caused by market interest movements impacting the reported interest income in the calculation model. NN Group discussed this extraordinary outcome with the Dutch Tax Authorities who concluded that, whilst the calculation model has been consistently used over the years, this is expected to be incident and accepted the reclaim. The 2023 numbers therefore show a substantial higher amount of VAT recovery compared to 2022.

The numbers in 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	165.2	59.7	29.4	134.9
Belgium	19.0	1.2	0.3	18.2
Czech Republic		5.6	6.5	0.9
France				
Germany				
Greece	7.4		0.1	7.4
Hungary	5.5	1.3	1.1	5.3
Italy				
Japan	20.7	0.5	0.4	20.7
Poland	14.5	0.1	0.7	15.1
Romania	1.6	0.1	0.1	1.7
Slovak Republic	2.2	0.2	0.2	2.2
Spain	11.4	0.2	0.6	11.8
Turkey	0.2		0.5	0.7
United Kingdom				
Total VAT contribution 2023	**247.7**	**-68.9**	**39.9**	**218.9**
Total VAT contribution 2022	259.1	-31.1	37.8	265.8

1 This also applies for the sale of goods.

Total Tax Contribution in 2023 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

in millions of euros

Country	Insurance Premium taxes collected	
	2023	**2022**
The Netherlands	317.4	275.2
Belgium	47.0	47.9
Czech Republic		
France		
Germany	0.3	0.5
Greece	39.3	37.9
Hungary	9.8[1]	0.6
Italy		
Japan	7.6	9.7
Poland		
Romania	0.6	0.6
Slovak Republic		
Spain	5.1	4.6
Turkey	0.2	0.1
United Kingdom		
Total Insurance premium taxes collected and paid to tax authorities	**427.3**	**377.1**

1 Due to the introduction of a new extra profit tax on insurance premiums

Total Tax Contribution in 2023 continued

Payroll taxes (employer and employee)
NN Group had 16,364 employees in 2023 (2022: 16,104 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 nonlife 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.

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 millions of euros

Country	Payroll taxes (employer and employee) withheld by NN	Payroll taxes on insurance products collected by NN	Total 2023	Total 2022
The Netherlands	349.8	991.8	1,341.6	1,362.2
Belgium	34.0	59.5	93.6	89.8
Czech Republic	3.2	12.2	15.4	14.0
France				
Germany				
Greece	9.2	22.9[1]	32.1	4.4
Hungary	9.8	0.4	10.2	7.7
Italy				
Japan	19.3	0.4	19.7	22.1
Poland	20.7[2]	2.4	23.1	6.0
Romania	12.8	4.1	16.9	14.3
Slovak Republic	6.8	1.5	8.3	8.5
Spain	25.7	9.9	35.5	25.4
Turkey	2.5		2.5	2.3
United Kingdom				
Total	**493.8**	**1,105.1**	**1,599.0**	**1,556.7**

Withholding taxes on dividend collected by NN

In millions of euros

	Netherlands 2023	Netherlands 2022
Withholding tax on dividends	**63.3**	**61.9**

1 This amount refers the payroll tax withheld on pension contributions which in previous years have been reported as other taxes and therefore not part of the Total Tax Contribution Report.
2 This includes the payroll taxes of Metlife which was merged with NN Poland as per 1 January 2023.

Total Tax Contribution in 2023 continued

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 2023 amounted to EUR 2,578 million, with 79% of this amount paid to tax authorities in the Netherlands, and 21% to local tax authorities on behalf of our international business.

Total taxes collected and borne by NN

in millions of euros

Country	Total taxes collected and borne	
	2023	2022
The Netherlands	2,004.6	1,856.5
Belgium	159.8	106.8
Czech Republic	20.0	56.7
France	4.7	11.0
Germany	3.0	3.5
Greece	79.2	52.2
Hungary	27.7	16.7
Ireland		
Italy	1.4	
Japan	140.0	131.4
Poland	35.2	75.5
Romania	23.4	23.2
Slovak Republic	17.2	25.4
Spain	58.1	41.6
Turkey	3.4	4.1
United Kingdom	0.1	1.0
Total	**2,577.8**	**2,406.6**

Total Tax Contribution in 2023 continued

4 Our approach to reporting

Making a positive contribution in the communities where we operate

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 fourth Total Tax Contribution Report. The 2023 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 21 March 2024.

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

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.

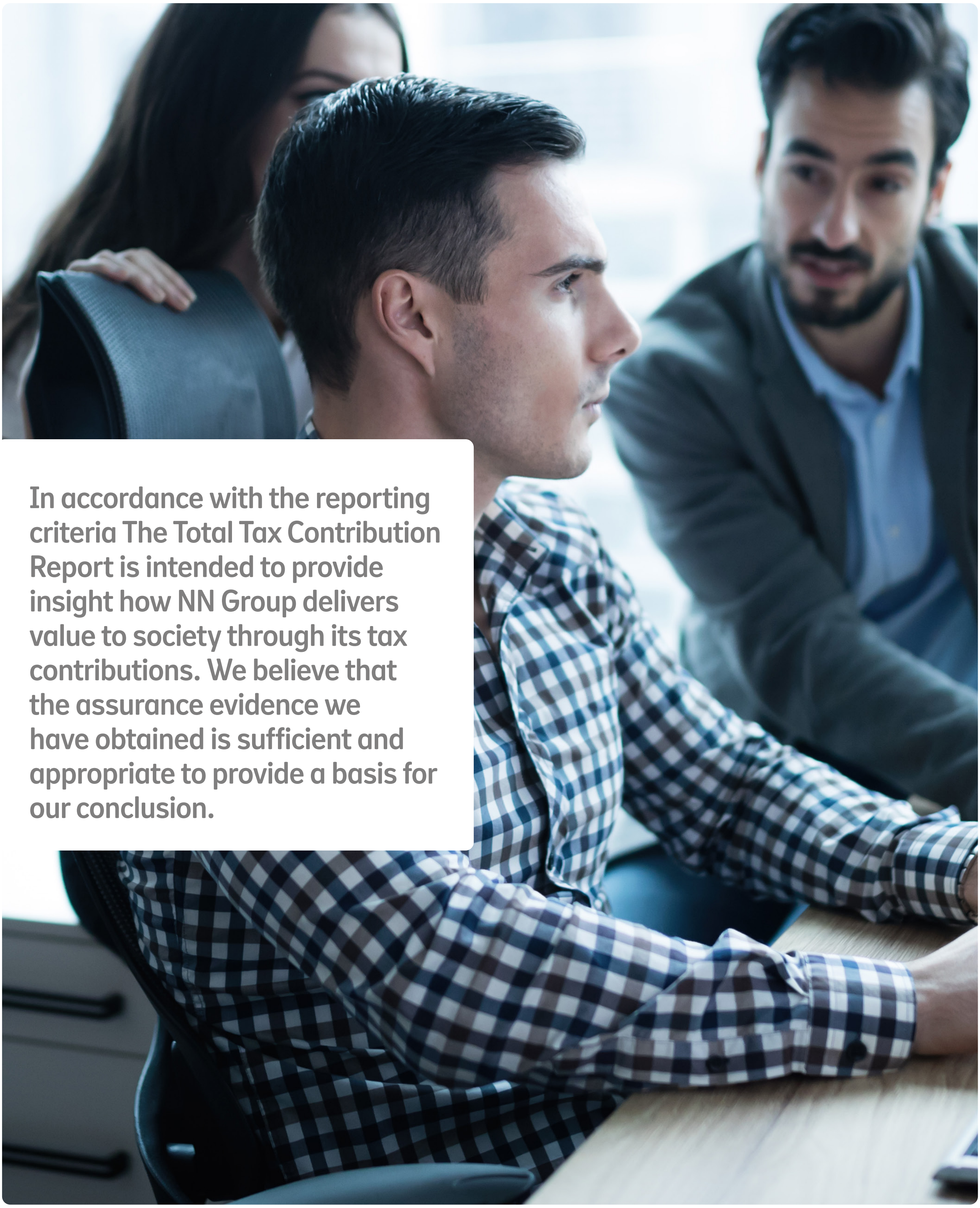
Reporting guidelines
For the preparation of the report we have followed the Global Reporting Initiative (GRI) Topic standard for tax (GRI 207: Tax 2019). NN Group's annual reporting is accordance with the Standards from the GRI (core level).

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 2023. 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, 21 March 2024
The Executive Board
D.A. (David) Knibbe, CEO, Chair
A.T.J. (Annemiek) van Melick, CFO, vice-chair

5 Assurance report of the independent auditor



In accordance with the reporting criteria The Total Tax Contribution Report is intended to provide insight how NN Group delivers value to society through its tax contributions. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Limited assurance report of the independent auditor on the Total Tax Contribution Report

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

Our conclusion

We have performed a limited assurance engagement on the Total Tax Contribution Report 2023 ('Total Tax Contribution Report') of NN Group N.V. ('the Group') based in Amsterdam and headquartered in The Hague.

Based on the procedures performed and assurance information obtained nothing has come to our attention that causes us to believe that the Total Tax Contribution Report is not, in all material respects, in accordance with the applicable criteria as included in the section 'Criteria'.

Basis for our conclusion

We performed our limited assurance engagement on the Total Tax Contribution Report in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement on the Total Tax Contribution Report' section of our report.

We are independent of the Group in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Criteria

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

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

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

— International Financial Reporting Standards as adopted by the European Union (EU-IFRS) as the basis for financial reporting and in particular IAS 12 Income Taxes.

Scope of our assurance engagement

The Total Tax Contribution Report is intended to provide insight into how the 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 the Group to governments.

With respect to the data reported, our procedures are primarily focused on the reconciliation of the reported numbers with the 2023 consolidated annual accounts of the Group and supporting underlying documentation. Our limited assurance engagement cannot be considered as a tax assessment in respect of compliance of the Group with tax legislation.

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.

We have agreed with the Audit Committee of the Supervisory Board that misstatements which are identified during the assurance engagement and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Limitations to the scope of our assurance engagement

The Total Tax Contribution Report includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of prospective information.

The references to external sources or websites in the Total Tax Contribution Report are not part of the Total Tax Contribution Report itself as included in the scope of our assurance engagement. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

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

The Executive Board of the Group is responsible for the preparation of the Total Tax Contribution Report in accordance with the criteria as included in the section ‘Criteria’, including the identification of stakeholders.

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.

Furthermore, 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.

KPMG

The Supervisory Board is responsible for overseeing the Group's reporting process.

Our responsibilities for the assurance engagement on the Total Tax Contribution Report

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

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the Total Tax Contribution Report. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially less than the assurance that is obtained had a reasonable assurance engagement is performed.

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

Our assurance engagement included among others:

- Performing an analysis of the external environment, and obtained an understanding of relevant themes and issues, and the characteristics of the Group.
- Evaluating the appropriateness of the criteria used and their consistent application.
- Identifying areas of the Total Tax Contribution Report with a higher risk of material misstatements, whether due to fraud or error.
- Testing whether the information in the Total Tax Contribution Report reconciles with the 2023 consolidated annual accounts and underlying documentation. We read and reviewed, on a limited test basis, relevant internal and external supporting documentation.
- Evaluating the presentation, structure and content of the Total Tax Contribution Report.
- Considering whether the Total Tax Contribution Report as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with applicable criteria.

We communicate with the Executive Board and the Supervisory Board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Amstelveen, 20 March 2024

KPMG Accountants N.V.

D. Korf RA

6 Appendix

Appendix continued

GRI 207

In 2021, 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. NN Group is guided by this standard in reporting on its tax position. The below index table serves as a reference from the GRI 207 Tax Disclosure to the relevant sections in our TTC Report 2023, Annual Review and our corporate website.

GRI 207 : Tax 2019

Reference

AR Annual Report

TC Total Tax Contribution Report 2023

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	TC Our Approach to tax
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	Description of the tax governance and control framework, including:	
207-2 a i	Internal governance of compliance with the tax strategy;	TC Our Approach to tax
207-2 a ii	Embedding of approach to tax within the organization;	TC Our Approach to tax
207-2 a iii	Description of Tax risk policy	TC Our Approach to tax
207-2 a iv	Evaluation of compliance with the tax governance and control framework	TC Our Approach to tax
207-2 b	Whistleblower policy	NN Who we are/Corporate Governance
207-2 c	A description and reference to the assurance process for disclosures on tax	AR Our approach to reporting, Assurance report of the independent auditor
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
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 concerns of (external) stakeholders	TC Our Approach to tax

Appendix continued

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 organization's audited consolidated financial statementsare 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 organization;	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	Not specified
207-4 b v.	Revenues from intra-group transactions with other tax jurisdictions	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 Facts and figures
2.3.2	Taxes withheld and paid on behalf of employees;	TC Total Tax contribution 2023
2.3.3.	Taxes collected from customers on behalf of a tax authority;	TC Total Tax contribution 2023
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 available

Appendix continued

Dutch Tax Governance Code

In 2022, the Dutch Confederation of Netherlands Industry and Employers (VNO-NCW) published the Tax Governance Code. The Tax Governance Code is a set of tax principles that aim to provide more transparency and public understanding of the tax position of listed and non-listed Dutch companies. By endorsing the code, Dutch multinationals are stating that they do not, or will no longer, avoid or evade taxes and will not use tax havens for tax avoidance motives. As one of the founding members of the code, NN Group actively supports the Tax Governance Code.

Tax Governance Code

Reference

TC Total Tax Contribution Report 2023

NN NN Group Website

SO NN Group Solvency and financial condition report

	Reference
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. The company's approach to tax is based on a tax strategy and set of principles approved by the board of directors, the supervisory board, or delegated sub-committee (the board).	TC Total Tax Contribution Report
2. The company reports at least annually to the board on tax risks and adherence to the tax strategy and principles.	TC Total Tax Contribution Report
3. The company's tax strategy and principles apply to all group entities.	TC Total Tax Contribution Report
4. The company's tax principles apply to how the company operates in its relationships with employees, customers and contractors.	NN In society/NN's Approach to tax/tax principles
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.	TC Total Tax Contribution Report
2. The company has a tax control framework that sets out the tax controls and risk management.	TC Total Tax Contribution Report
3. Internal or external auditors regularly review the company's tax controls as part of the audit of its financial results	TC Total Tax Contribution Report
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. The company prepares and files all tax returns required, providing complete, accurate and timely disclosures to all relevant tax authorities.	NN In society/NN's Approach to tax/tax principles
2. The company's responsible tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of the economic and commercial activity of its business.	NN In society/NN's Approach to tax/tax principles
3. The company will not undertake transactions or engage in arrangements of which the sole purpose is to create a tax benefit that is in excess of a reasonable interpretation of relevant tax rules.	NN In society/NN's Approach to tax/tax principles
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.	NN In society/NN's Approach to tax/tax principles
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.	NN In society/NN's Approach to tax/tax principles

Appendix continued

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. The company does not use so-called tax havens for tax avoidance. All entities in tax havens exist for substantive and commercial reasons.	NN In society/NN's Approach to tax/tax principles
2. The company pays tax on profits according to where value is created within the normal course of commercial activity.	NN In society/NN's Approach to tax/tax principles
3. The company uses the arm's length principle, in line with guidelines issued by the OECD, and applies this consistently across its businesses, contingent on local laws	NN In society/NN's Approach to tax/tax principles

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	NN In society/NN's Approach to tax/tax principles
2. The company seeks to engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.	NN In society/NN's Approach to tax/tax principles
3. The company will work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible. Where there is controversy, the company will strive to resolve the controversy by applying these principles.	TC Total Tax Contribution Report

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.	TC Total Tax Contribution Report
2. A list of entities, with ownership information and a brief explanation of the type and geographic scope of activities.	SO Group Solvency and financial condition report, FSCR 'S.32.01.22 Undertakings in the scope of the group'
3. Annual information on the corporate income tax the company accrues and pays on a cash basis at a country level.	TC Total Tax Contribution Report
4. The total tax borne and collected by the company, globally or per country, including corporate income taxes, property taxes, (non-creditable) VAT and other sales taxes, employer/employeerelated taxes, and other taxes that constitute costs to the company or are remitted by the company on behalf of customers or employees, by category of taxes	TC Total Tax Contribution Report
5. Information on financially material tax incentives (e.g. tax holidays), including an outline of the incentive requirements and when it expires.	TC Total Tax Contribution Report
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	TC Total Tax Contribution Report

Glossary

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

Corporate income tax	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 [xx] for a detailed description.
Effective tax rate	The tax charge in respect of an accounting period divided by the accounting profit before tax.
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.

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