Sustainable taxpayer

In line with its mission and Corporate Social Responsibility (CSR) policy, a.s.r. strives to be a sustainable taxpayer.

a.s.r. wants to play the following roles in society:
- being an insurer customers can rely on;
- being a stable financial institution;
- being a people-oriented employer; and
- being a valuable participant of society.

a.s.r. has a responsibility towards society at large, its customers in general and vulnerable groups in particular. This is expressed in its personnel policy, its investment policy, work environment and the CSR policy, including a.s.r.'s statement that it wants to be a sustainable taxpayer.

The tax strategy contributes to a.s.r.'s mission

a.s.r.'s tax strategy contributes to a.s.r.'s attainment of its mission and corporate strategy.

a.s.r.'s tax policy contributes to the ambition to be a financially reliable and stable organisation to ensure that a.s.r.'s short-term as well as its long-term commitments towards customers and stakeholders can be met, thus creating long-term value. In addition, the outcome of its tax policy is that a.s.r., as a member of society, contributes its fair share to enable and maintain the very society of which it is part.

In line with our general code of conduct, awareness is essential. Our employees receive training in a broad sense in order to make them familiar with the principles of the a.s.r. code of conduct and the rules of conduct and to let these principles sink in. This also applies to our tax conduct. The employees within Group Tax are senior specialists who continuously monitor tax legislation and case law and determine the effects of this on our tax strategy, financial results, staff and a.s.r. products, and discuss this during, among other things, the periodic specialist consultations. Group Tax also provides in-house training and workshops to increase tax awareness within the organisation.

Tax strategy

a.s.r. aims to be a socially responsible taxpayer based on professionally executed tax compliance. a.s.r. does not apply any tax-aggressive positions. In optimising its tax planning, business considerations are always leading.

The tax strategy was approved and endorsed by the Executive Board. The Audit and Risk Committee supervises the tax policy pursued in line with the Dutch Corporate Governance Code. The Tax policy and the tax risks are discussed annually in the Audit and Risk Committee.

Tax is a recurring topic on the agenda of the stakeholders' dialogue (see chapter 7.9 Materiality analysis and stakeholder dialogue of the 2021 Annual Report).

a.s.r. endorses the Tax Governance Code developed by the employers' organisation VNO-NCW.

In view of its tax strategy, a.s.r. has the following objectives:
- a.s.r. only supports transactions or products with well documented business objectives and within its tax risk appetite;
- The basic premise is that a.s.r. acts in accordance with the spirit and letter of tax legislation and regulations in the countries in which it operates;
- a.s.r. does not use any structures aimed at tax avoidance, nor will it allocate profits to jurisdictions with low tax regimes or make use of tax havens;
- a.s.r. applies arm's length prices and conditions in transactions and agreements with the parties affiliated to it ('transfer pricing');
- a.s.r. has no products that help customers avoid or evade taxes;
- a.s.r. optimises its fiscal position in order to ease its tax liability. This is done within the framework of making a sustainable contribution to society;
- a.s.r. ensures the timely payment of its tax liabilities;
- a.s.r. presents relevant (tax) positions it has or will adopt as soon as possible to the tax authorities and provides them with active insight into all relevant facts, circumstances, positions, and its view of the associated legal consequences;
- a.s.r. actively manages its tax risks. In view of its open and transparent relationship with the tax authorities, it proactively coordinates the tax consequences of various transactions in advance with the tax authorities.

Tax control

Group Tax a.s.r. is part of the Finance, Risk & Performance Management (FRPM) department. FRPM houses all first-line finance and risk activities of the group, the Life, Non-life and Disability product lines, as well as Asset Management and Real Estate.

Group Tax has a central role in a.s.r.'s tax function, and therefore has an important role in embedding the tax strategy in the day-to-day operations of the organisation. Group Tax is responsible for the establishment, maintenance and testing of the Tax Control Framework that is part of the broader a.s.r. Risk Management Framework which describes the various processes, risks and existing control measures. The tax key controls are periodically tested and the results are discussed with the relevant business units.

Group Tax is the single point of contact with the tax authorities and has periodically and ad-hoc consultation with the tax authority. External tax advisors will be only consulted after involvement and/or approval by Group Tax.

In the case of important agreements such as product development, acquisitions, internal reorganisations. Group Tax is consulted. This 'sign-off' is used to safeguard the compliance of the tax strategy. In addition, tax issues are regularly discussed with the CFO.

a.s.r. is actively implementing technological solutions to control tax risks, for example by means of data analysis. a.s.r. uses a financial system, in which financial consolidation and reporting, tax accounting and the corporate tax return have been integrated.

a.s.r. strives for an open and honest culture and considers it important that employees and third parties can report in a careful and safe way, (suspicions of) abuses within a.s.r., in accordance with the Whistleblowers Act (see www.asrnl.com). a.s.r.'s whistleblowers' scheme also applies to abuses in the sphere of tax.

The individual monitoring plan is in line with a.s.r.'s governance, the resulting tax strategy and objectives. The individual monitoring plan also contains operational elements for which the monitoring activities have been formulated.

Tax burden and tax payment

a.s.r. operates almost exclusively in the Netherlands, which means that almost all tax payments are made to the Dutch tax authorities with the exception of:
- Payments relating to insurance tax for, in particular, non-life insurance in respect of which the tax jurisdiction is in other countries;
- Withholding taxes deducted from foreign investment income.

In countries in which a.s.r. is active, a.s.r. pays taxes on profits realised by the economic activities in those countries, in accordance with the OECD guidelines for multinational companies.

(in € million)	2021	2020	2019
Profit before taxes	1,209	829	1,210
Corporate income tax in P&L	270	172	240
Nominal tax burden	25.0%	25.0%	25.0%
Effective tax burden[1]	22.4%	20.7%	19.8%
The Netherlands			
Corporate income tax and withholding taxes	114	59	42
Domestic and foreign taxes levied at source, offset against Dutch corporate income tax	19	13	6
Dividend tax	44	42	40
Payroll taxes benefits	320	307	269
Employee payroll taxes	140	138	132
Insurance tax	159	156	150
Turnover tax			
- turnover tax not offset	46	47	42
- turnover tax paid	15	10	2
Total of tax payments abroad	**857**	**772**	**683**
Abroad			
Foreign insurance tax	1	1	1
Total of tax payments abroad	**1**	**1**	**1**
Deferred tax asset			
Deferred tax assets (liabilities) at year-end[2]	-69	177	197
Number of employees			
Number of employees in FTEs, all of them employed in the Netherlands	4,155	4,042	3,906

1 The effective tax burden differs from the (nominal) statutory tax rate. This is caused, in particular by applying the participation exemption and there is an effect of the change in corporate income tax rate to 25.8% (2022). The participation exemption (under Dutch tax rules) prevents (under certain conditions) profits and losses from a participation from being included in the taxable profit. Profit previously taxed at a subsidiary will not be taxed again at the parent company.
2 The corporate income tax rate for 2021 is 25%. The 2022 rate is 25.8%. The rate change has taken into account the valuation of the amount of the deferred (net) tax liability as at year-end 2021.

Reconciliation nominal tax expense with effective tax expense

The table below shows a reconciliation between expected and actual profit tax.

Reconciliation between expected and actual profit tax	2021	2020
Result before taxes	1,209	829
Current tax rates	-25%	-25%
Expected profit tax	**-302**	**-207**
Effects of:		
Interest exemption	3	3
Tax on interest of other equity instruments	12	12
Exempted dividends	5	4
Exempted capital gain	15	5
Changes in impairments	-5	-30
Adjustments for taxes due on previous financial years	5	15
Other effects	-3	26
Total tax income / (expense)	**-270**	**-172**

Other effects in 2021 relate to deferred taxes as a result of the changes of the tax rate to 25.8% in 2022. .

Relationship with the Dutch Tax Authority

In January 2013, a.s.r.'s Executive Board and the Dutch tax authorities signed the Horizontal Monitoring Covenant. This sets out how a.s.r. and the tax authorities should engage with one another: with mutual trust and in an open, transparent manner.

By signing this covenant, a.s.r. undertakes to develop and maintain a system of internal management, together with internal and external controls relating to tax (Tax Control Framework). The Horizontal Supervision has been further developed by the tax authorities into an Individual Supervision Plan (ISP). The ISP replaced the covenant in 2020.

Tax rulings

In some cases, it is desirable for a.s.r. to obtain certainty from the tax authorities in advance concerning the application of (often complex) tax legislation and regulations. In such cases, a.s.r. will ask the tax authorities for a prior tax ruling on a tax position a.s.r. has adopted. All such rulings, consulting in an early stage with and other arrangements with the tax authorities are always in line with a.s.r.'s tax strategy. Doing so ensures that the tax position in the financial statements contains fewer uncertainties, which in turn adds to the confidence that stakeholders can derive from a.s.r.'s tax position. Since a.s.r. operates almost exclusively in the Netherlands, there are no international tax rulings.

Tax and investments

Direct investments

For the investments (equities and corporate bonds) in companies, a.s.r. uses ESG (environment, social, governance) research from the research firm Vigeo Eiris. The assessment of companies also includes tax criteria, in particular on the basis of (inter) national guidelines. In this way, a.s.r. avoids possible ESG risks in its investment portfolio in relation to e.g. tax havens and offshore financial centres. More information on this can be found on a.s.r.'s website: www.asrnl.com

Investments via external funds

Investments through external funds are never prompted by tax considerations. A business case is assessed on the basis of the strategy of the investment fund and the quality of the asset manager. The tax assessment from an a.s.r. perspective only serves to avoid any possible double and/or unnecessary taxation.

a.s.r. has a preference for regulated funds in the European Union because of the relevant expertise for institutional investors combined with a responsible and transparent tax policy. In addition, a.s.r. can invest in funds offered from other OECD countries, provided their legislation and regulations are comparable to those in the EU, and the fair-share principle is met. a.s.r. avoids investments in countries with reputational relating to tax, a relatively weak legal system and insufficient regulation and/or transparency.

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