Tax policy for the PFA Group

1. Introduction

PFA contributes to society by conducting our business on the basis of professional, responsible and fair principles. We seek to be transparent about our tax conditions and also wish to encourage others towards transparency in this area. This policy brings together the principles and practice of the PFA Group (PFA) in the area of taxation and applies to PFA as a company, employer and investor.

PFA is the manager of a significant percentage of Denmark's pension assets and as such is dedicated to creating long-term solutions that are economically, socially and environmentally sustainable. We wish to be a responsible company that bases its business on responsible tax practice. We therefore apply existing national regulatory frameworks and work according to international rules, guidelines and principles in taxation.

The tax policy sets the framework for the principles by which PFA operates when we advise customers, make investments, and when we as a company and employer must calculate taxes. It covers corporate tax, pension yield tax, VAT, payroll tax, wage earner tax, tax on investments in Denmark and abroad and other taxes that PFA pays in Denmark and abroad. Additionally, the policy describes the expectations we have for business partners and others with respect to taxation.

The tax policy applies for all companies in the PFA Group and is approved at group level by the board of directors of PFA Holding A/S and the boards of directors of the underlying financial subsidiaries.

2. Tax Governance

PFA organises tax payments so that rules and practice in all relevant tax areas are complied with responsibly, cost-effectively and without unnecessary administration. PFA cooperates with the Danish authorities and has concluded a so-called Tax Governance agreement with the Danish Tax Agency. The agreement is based on voluntary action and is intended to ensure continuously correct reporting and payment of taxes.

PFA withholds tax, reports to the authorities and implements new rules in respect of responsible business practice, responsible interpretation and application of the rules, while maintaining confidentiality in relation to customer data.

PFA's tax steering committee coordinates tax-related activities and conditions in the Group and aims to ensure that new legislation and changes in tax-related practice are implemented in a timely and effective manner and that existing legislation is observed. The committee refers to the Group's executive board.

3. Principles of responsible tax practice in the investment process

As a Danish investor, PFA pays tax on pension returns in Denmark for the yields generated by investments. The underlying activities in an investment are taxed locally in accordance with the rules of the country in which the activity is based. PFA also works to ensure that tax is not paid on the same return multiple times, so that double taxation is reduced for the purpose of ensuring our individual customers a good return.

PFA opposes aggressive tax planning and expects that the companies in which PFA invests demonstrate responsible tax practice in the countries in which they operate. PFA's policy for responsible investments and guidelines for responsible tax practice in the investment process form the framework for PFA's work to ensure responsible tax practice in the investment process.

As part of the work of ensuring responsible tax practice, PFA takes an active stance on:

- *Countries that at the time of the investment are considered "not compliant" in accordance with the assessment process drawn up by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes [1], or*

- *Countries that, at the time of investment, are included on the EU list of non-cooperative tax jurisdictions[2].*

On listed investments, PFA has a process for screening the company's tax practice and a process for active ownership dialogue, coordinated in PFA's Responsible Investment Board (RI Board).

For unlisted investments, PFA has a process for including tax-related due diligence that involves various elements described in greater detail in PFA's guidelines for implementation of responsible tax practice in the investment process and the Common Tax Code of Conduct, which was developed together with 3 other pension companies.

Responsible tax practice is an important element in the work on making responsible investments. We therefore work to ensure that PFA exercises responsible tax practice in its investment process.

4. Principles for services for and advising of customers

PFA maintains a dialogue with our customers, where customers engage with PFA – at personal consultations, through written correspondence, at ‘My PFA’ and pfa.dk and on websites of the other companies in PFA.

We advise and inform customers of tax rules that are relevant for customers in relation to our products. The purpose is for customers to be presented with information and facts about their situation so that they are able to make the decision that brings the most value for them.

Through our advisory services to the customers, we provide information on the general tax conditions in our products. We do not advise on the customer's overall tax situation. For this reason, we refer customers who are in need of advising on their overall tax situation to the Danish Tax Agency and/or a tax adviser.

PFA will not contribute to illegal activities and sharply distances itself from fraud and evasion, including participation in money laundering. This applies for both PFA's own activities and when taxation is included in the advisory services provided to PFA's customers.

5. Expectations of business partners

PFA expects PFA's business partners not to exercise aggressive tax planning. If we become aware that our business partners are acting in violation of this, we will initiate a dialogue with the business partner for the purpose of encouraging a change in their behaviour, and if such a behaviour is not changed, PFA may end the business relationship.

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[1] Refer to the OECD website: http://www.oecd.org/tax/transparency/documents/exchange-of-information-on-request-ratings.htm

[2] Refer to the EU Commission website: https://ec.europa.eu/taxation_customs/tax-common-eu-list_en

6. Transparency and reporting

PFA's Tax policy is publicly available at pfa.dk. The same applies for guidelines for the implementation of responsible tax practice in the investment process and tax guide and recommendations that are used as a basis for our advisory services to customers.

PFA reports on the progress of the work with various elements within the tax policy in conjunction with annual CSR reporting.

7. Entry into force

The policy enters into force upon the board of directors' approval and replaces the policy of 20 June 2019.

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Thus approved by the Board of Directors of PFA Holding at the board meeting on 24 June 2021 and subsequently adopted by the boards of directors of the other financial companies in the PFA Group.