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Tax policy for the ATP Group

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Adopted by ATP's Supervisory Board on 21 November 2024

1. Background, scope, purpose and strategic objectives

1.1 ATP is an investor both in Denmark and globally with a special responsibility for the people of Denmark's joint pension savings. Tax is a natural part of ATP's work as an investor, and tax revenue is an important source of funds for society to maintain the desired level of welfare. ATP works to ensure that *the correct tax* is paid on the money that ATP manages on behalf of ATP's members. This means that tax must be paid according to the rules - not too little and not too much.

1.2 ATP must consider the ATP Group's own tax matters as well as the tax matters of the companies in which ATP invests. This policy applies to the ATP Group, but it does not bind external asset managers, co-investors or the companies in which ATP invests unless they accept this in connection with the specific investment.

1.3 The purpose of this policy is to set out principles for good tax behaviour that apply to the ATP Group. At the same time, the policy must clarify how the principles are translated into expectations for ATP's asset managers, co-investors and the companies (listed and unlisted) that ATP invests in.

1.4 The policy applies to ATP's own taxes (i.e. Pension Yield Tax, corporate income tax, foreign taxes, payroll taxes, VAT and duties) and does not regulate matters relating to taxes that ATP withholds on behalf of others.

2. Identification of risks and risk appetite

2.1 ATP's risk identification and management in the tax area is organised based on where the tax complexity is assessed to be greatest, see below. Of the taxes included in the scope of the policy, Pension Yield Tax (and foreign taxes) has historically been the most significant both in terms of amount¹ and complexity. Direct and indirect investments in shares (including equities) are the main source of tax complexity.

2.2 ATP pays Danish tax on Pension yield no matter where in the world the returns are generated. When ATP has income from foreign investments, in some cases ATP also pays tax in the country where the income originates (foreign taxes), which may give rise to double taxation of ATP's investment returns.

2.3 The tax area is covered by ATP's general risk management, as most recently described in ATP's "Report on risk and financial situation"², section C.5. The report describes ATP's risk management system, risk appetite and risk identification methodology. The report specifies that ATP's total risk includes three risk categories: investment, pension and operational risks. The most significant tax risks fall into the category of investment risks and operational risks respectively and can be summarised as follows:

- Tax related to ATP's investments: There is a risk of losing investment returns and reputation due to the tax behaviour of investments, asset managers or co-investors not acting in accordance with ATP's tax principles (financial and reputational risk).

¹ Each year, ATP's annual report contains a summary of the year's taxes paid - both own taxes and taxes withheld on behalf of others.

² The report can be found on this website: [rapport-om-risiko-og-finansiel-situation-2023 \(atp.dk\)](https://rapport-om-risiko-og-finansiel-situation-2023.atp.dk)

- Double taxation: Risk of double taxation due to inadequate processes, documentation, differences in national legislation, etc. in connection with reclaim of foreign tax or offsetting foreign tax against Danish Pension Yield Tax (financial risk).
- Tax legislation: Insufficient identification, interpretation or implementation in ATP of tax legislation, including changes in legislation (financial and compliance risk).

2.4 Tax in ATP's investments is considered an investment risk in line with other investment risks. This means that the tax risk is analysed, mitigated (if possible), assessed and weighed against other risks and circumstances at the time of investment. During the lifetime of the investment, the tax risk is monitored and managed as part of ATP's stewardship. ATP's stewardship in the tax area is customised to ATP's influence in the investment and access to information.

2.5 Operational risks are managed through processes, business procedures and guidelines implemented by ATP's tax team. ATP's internal tax team is located in ATP's Pension and Investment Department (P&I). This ensures that the tax team has access to the necessary knowledge about the investments and is involved to the extent required to ensure that ATP's principles of good tax behaviour are observed. The daily work is supported by a clear division of roles and responsibilities in the business procedures for the most important processes in the tax area, resulting in an adequate level of control.

3. ATP's principles for good tax behaviour

3.0 ATP's tax principles apply to the ATP Group. At the same time, the principles form the basis for ATP's expectations of external asset managers, co-investors and the companies ATP invests in. These are listed in section 4 of the policy.

3.1 ATP wants to ensure correct tax payments

3.1.a It is important for ATP that the correct tax is calculated and paid on time in the right country. ATP respects the legislator's intentions with the rules and does not use ambiguities to gain unintended tax advantages when applying the rules.

3.1.b ATP works to ensure that as much of the return on investments as possible is taxed in Denmark and that no more tax is paid on the return to be used for pensions than required by legislation and practice. This means that ATP is trying to avoid being subject to double taxation (being taxed on the same return both in Denmark and in another country) and to minimise withholding taxes which cannot be credited against ATP's Danish Pension Yield Tax. This also means that ATP maps the tax consequences of investment structures at the time of investment and chooses the overall most favourable alternative when there are several options that all comply with ATP's policies.

3.2 ATP does not accept aggressive tax planning

3.2.a ATP does not wish to take part in aggressive tax planning. ATP considers aggressive tax planning as an investment risk that does not contribute to the long-term value maximisation of investments.

3.2.b ATP defines aggressive tax planning as taking advantage of technicalities in a tax system or inconsistencies between several tax systems for the purposes of reducing tax liability which goes against the spirit of the law. In addition, ATP considers it aggressive tax planning if

a corporate structure has the primary purpose of obtaining tax benefits and there is a mismatch between substance and form. When assessing whether something is aggressive tax planning, ATP follows the OECD and EU's approach in their initiatives to counter aggressive tax planning.

3.2.c Investing in a company located in a country on the EU's list of non-cooperative jurisdictions may indicate aggressive tax planning. Therefore, ATP does not invest via holding companies registered or tax resident in countries that at the time of investment are on the EU's list of non-cooperative jurisdictions. However, it is acceptable for ATP to invest - directly or indirectly - in companies with business activities or infrastructure assets located in these countries.

3.3 ATP supports increased transparency in tax matters

3.3.a ATP supports transparency and encourages increased transparency in the tax area.

3.3.b In order to contribute in general to increased tax transparency, ATP does not make direct investments (loans and equity) in countries that, at the time of the investment, have undergone the evaluation process prepared by the OECD's Global Forum for Tax Transparency and Information Exchange⁴ and received a non-satisfactory assessment ("non-compliant" or "partially compliant").

3.3.c ATP is in regular contact with Danish and foreign tax authorities. ATP acts openly and transparently in relation to ATP's tax affairs and shares relevant information so that the authorities' can carry out a correct handling of the matter in question. This applies regardless of whether ATP or the authorities have initiated the dialogue.

3.3.d ATP wants to be transparent about its own tax matters. ATP communicates this in the consolidated financial statements (tax expenses and payments for the year), in the supplementary information to the consolidated financial statements (overview of investments, their domicile and ATP's share) and in ATP's sustainability reporting (experiences and initiatives related to stewardship in the tax area). In addition, this policy is published on ATP's website together with "Supplementary information on ATP's approach and handling of the tax area", which explains ATP's taxation, risk management and stewardship and provides examples of aggressive tax planning. The latter - and other tax publications - are published on an ad hoc basis.

4. Management of tax policy in the investment area

4.0.a Tax is one of many important factors when ATP invests.

4.0.b ATP's tax policy does not apply to ATP's external asset managers, co-investors and companies in which ATP invests, unless otherwise agreed. ATP works to influence companies in which ATP invests towards good tax behaviour. ATP does this by:

- Working together across the industry to promote and strengthen active tax ownership and achieve common standards. This takes place both nationally

³ Please refer to the EU website: <https://www.consilium.europa.eu/da/policies/eu-list-of-non-cooperative-jurisdictions/>

4 Please refer to the OECD website: <https://web-archive.oecd.org/temp/2024-04-15/388908-exchange-of-information-on-request-ratings.htm>

in connection with the Common Tax Code of Conduct (discussed below in 4.1.b) and in the international context of, for example, Principles of Responsible Investments (UN PRI).

- Setting clear expectations for external asset managers, co-investors and portfolio companies' for how they should handle tax issues.
- Committing (to the extent possible) the companies in which ATP invests to comply with ATP's tax policy at the time of investment. During the period of ownership, ATP continuously follows up on whether the companies act in violation of ATP's tax policy.
- Wielding ATP's influence through stewardship adapted to ATP's influence and access to information.

4.0.c In ATP's efforts to influence its investments towards good tax behaviour through stewardship, ATP prioritises its efforts so that they are concentrated where the effect is greatest. The effort takes into account the value of ATP's investment and assesses it against ATP's ownership stake and the opportunity to get individual companies, external asset managers and co-investors to accept our requirements.

4.0.d ATP does not exercise regulatory control in the tax area, but takes a critical approach to the tax behaviour of the companies ATP invests in addition to asset managers and co-investors. If it is found that the companies, asset managers or co-investors do not live up to ATP's expectations, ATP will attempt to resolve the matter. If this is not possible, ATP will assess whether the matter is so critical that ATP - based on a holistic approach where all significant parameters of the investment are weighed against each other - wishes to terminate the investment or co-operation with the asset manager or co-investor.

4.1 Expectations for external asset managers

4.1.a ATP expects ATP's external asset managers not to engage in aggressive tax planning with ATP's funds in ways that are contrary to ATP's tax policy.

4.1.b Together with a number of other Danish institutional investors, ATP has formulated a number of expectations for external asset managers in a common Tax Code of Conduct that governs externally managed, unlisted investments⁵. The expectations are set out in the Tax Code of Conduct, which can be read in more detail, and which can be summarised as follows:

1. Asset managers shall endeavour to ensure compliance with applicable tax laws and practices in the countries where investments are made. Asset managers are encouraged to implement a tax policy.
2. Asset managers shall endeavour not to engage in aggressive tax planning or tax structuring as specified in the Tax code of Conduct. The definition of aggressive tax planning is similar to that in ATP's tax policy, section 3.2. Investors accept tax planning that aims to ensure fair competition and avoid double taxation.
3. Asset managers shall support OECD and EU initiatives to increase transparency by not investing in holding companies that are incorporated or tax resident in:

⁵ The Tax Code of Conduct can be viewed on this website: [skattekodex-2020 \(atp.dk\)](https://skattekodex-2020.atp.dk)

- a. Countries that are considered non-compliant at the time of investment according to the evaluation process developed by the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes⁶. ATP also does not accept direct investments in countries that are considered "partially compliant" at the time of investment, cf. section 3.3.b of the policy.
 - b. Countries that are on the EU list of non-cooperative jurisdictions at the time of investment⁷.
4. Asset managers are encouraged to be careful about tax structuring when investing in developing countries. In particular, ATP will question and critically assess whether a planned tax structure is consistent with the line taken by the EU and OECD in their initiatives to combat aggressive tax planning - regardless of whether the countries involved are covered by these initiatives or not.
 5. Asset managers are expected to be transparent about their approach to tax and open to dialogue with investors.

4.1.c In addition, ATP expects:

- That the tax authorities' need for information to correctly process the tax issues under applicable legislation and practices is supported to the extent possible and within the legal framework.
- That ATP's external asset managers do not contribute to tax evasion for employees and portfolio managers in investments with ATP.

4.2 Expectations for co-investors

4.2.a ATP expects co-investors not to engage in aggressive tax planning in relation to investments that ATP is a part of. In practice, it is often difficult to engage co-investors and influence is sought through collaboration on the investment.

4.3 Expectations for the companies (listed and unlisted) that ATP invests in

4.3.a It is the board of directors and executive board of each company that are best suited to lead the company in question. However, as a responsible investor, ATP has an interest in ensuring that the company's tax profile is in compliance with ATP's values and risk appetite. Therefore, ATP has implemented "ATP's Principles of Good Tax Behaviour" in the following principles, which are based on ATP's expectations for good tax management practices in the companies ATP invests in. ATP invests in many different types of companies that are located in different countries and are subject to different regulatory tax requirements. The expectations below are specified with this in mind and are managed in light of the specific circumstances, size, domicile and tax complexity of each company.

⁶ Please refer to the OECD website: <https://www.oecd.org/tax/transparency/documents/exchange-of-information-on-request-ratings.htm>

⁷ Please refer to the EU website: <https://www.consilium.europa.eu/da/policies/eu-list-of-non-cooperative-jurisdictions/>

1. Overall tax governance is a matter for boards of directors

4.3.1 There should be a board-adopted tax policy and it should be publicly available. The policy must be specific to the individual company and must address the company's specific business conditions. The policy should be evaluated with a fixed frequency, such as annually, and compliance should be reported on to the Board of Directors.

2. Tax policy must be anchored in the organisation and in governance documents

4.3.2 The tax policy must be anchored in the organisation, taking into account the size and tax complexity of the company. The individual companies must place responsibility for the tax area with professionally qualified personnel who, through governance documents, must ensure the concrete implementation of the tax policy, including ensuring due attention is given to the identification of tax risks so that they can be handled in a comforting way and/or escalated.

ATP recognises that in some smaller companies it does not make sense to have an internal tax function. External business partners may be able to fulfil the needs of some companies. This is acceptable if companies take the tax advice, ensure proper implementation and anchoring and continuously assess whether there is a need for an internal tax function.

3. Managing tax risks contributes to long-term value maximisation

4.3.3 Businesses should ensure that the correct amount of tax is paid - on time and in the right country - and reject the use of aggressive tax behaviour (as defined in section 3.2 of this policy). Uncertainty in tax legislation should be resolved in the best possible way based on the wording of the law, the specific circumstances and relevant interpretations, including the legislator's intentions. ATP expects companies not to use ambiguities in the legislation to obtain unintended tax advantages (from the legislation) and to ensure that the arrangements are supported by sound business reasons.

ATP encourages companies' management teams to find the best way to clearly disclose significant transactions that are associated with uncertainty to the authorities.

4. The approach to tax should be made visible in communications to the public

4.3.4 ATP encourages companies to be transparent about their tax matters. Tax communications should address the issues that are relevant for the recipient to assess the company's overall financial and reputational tax risk. This may include the company's approach to tax planning, a description of the overall structure of intra-group transactions, tax matters, explanation of presence in low and zero tax countries and description of the process for identifying and managing tax risks.

ATP encourages companies to communicate their approach towards taxation in a relevant and meaningful way that is customised to the specific company's business activities. ATP would like the company's (financial) reporting to account for the deviation of the accounting effective tax rate from the corporate tax rate and for tax risks and the management thereof, regardless of whether this is statutory for the specific company or not. For larger organisations, it may also - to the extent that it is not already a legal requirement - be meaningful

to communicate about the tax position through publicly available country-by-country reporting or through annual tax transparency reports and publications that contain information on the total global tax footprint, etc. In all cases, the figures should not stand alone but be supplemented with explanations that give the recipient an understanding of the link between the tax position and the business.

5. General management

5.1 ATP's tax policy is determined by ATP's Supervisory Board.

5.2 ATP's Chief Investment Officer (CIO) and Chief Financial Officer (CFO) are, in accordance with their guidelines, responsible for compliance with the tax policy and can make overall decisions.

5.3 ATP's CIO and CFO have delegated responsibility for handling the tax area to ATP's tax responsables. ATP's day-to-day handling of the tax area is managed by ATP's tax team (P&I tax) with support from the group accounting department (P&I Finance & Reporting). For ATP Ejendomme and ATP Private Equity Partners, the day-to-day handling of tax matters is handled by the legal and accounts departments in the respective companies in dialogue with ATP's tax team.

6. Reporting

6.1 There is regular reporting to ATP's Supervisory Board on the work with tax in the ATP Group and in the ATP Group's investments. This is done annually in connection with the approval of the tax policy and ATP's sustainability reporting and on an ad-hoc basis when the P&I Executive Board, cf. 6.2, assesses that there is a need for this.

6.2 Head of tax reports to the P&I Executive Board on implementation and compliance with the tax policy. Reporting covers both the operational aspects of risks related to the ATP Group's tax position and tax aspects related to ATP's investments.

6.3 Stewardship in the tax area is coordinated and discussed by the Sustainability Committee where the tax manager participates in relevant discussions and the aim is generally for Head of tax to participate in 1-2 meetings per year.

7. Exemption options

7.1 Questions concerning the policy which the Executive Board believes gives rise to doubt are presented to ATP's Executive Committee and any deviations from or interpretations of the policy are approved by ATP's Supervisory Board.

8. Updating

8.1 Tax is a dynamic and complex area and social norms change over time. The policy shall be adjusted in the event that significant experiences from ATP's dialogues or changes in the assumptions on which this policy is based indicate that the policy is no longer satisfactory. Thus, this policy shall be presented to the Supervisory Board at least once a year.

9. Entry into force

Adopted by the Supervisory Board on 21 November 2024.

The policy enters into force on 1 January 2025 and applies to investments made after this date. Therefore, it is natural that some of ATP's older investments may not fully comply with this current policy.