

# Tax Policy

Aquaporin A/S, CVR-no. 28315694

## **1 Introduction**

- 1.1 Aquaporin A/S and its subsidiaries (“Aquaporin”) is a global company operating in multiple countries which are governed by tax legislation at national and international level. This policy outlines our governing principles for tax management to ensure a common approach to tax within Aquaporin.
- 1.2 The purpose of this Tax Policy set out the governing principles for tax management and describes the guidelines approved by the Board of Directors under which the Executive Management can make decisions which have a tax implication, including VAT.

## **2 Governance**

- 2.1 The Board of Directors is responsible for the overall Tax Policy and for the guidelines to which the Company shall comply, as described in this Tax Policy.
- 2.2 The Executive Management is responsible for preparation of sufficient documentation of tax decisions taken and to make recommendations to the Board of Directors about the Tax Policy and compliance herewith.
- 2.3 It is the responsibility of the Executive Management to ensure that tax decisions are made taking due consideration of the overall tax guidelines into mind. Additionally it is the responsibility of the Executive Management to monitor tax risks on an ongoing basis and take appropriate action in accordance with this Policy.
- 2.4 The overall responsibility of the Executive Management’s handling of tax matters and the day-to-day responsibility lies with the Group CFO, supported by the Group Controlling department.
- 2.5 The responsibility includes tax risk management, tax structuring, transfer pricing, tax audits, corporate income tax compliance, VAT and tax on labour costs compliance and payroll tax.

## **3 Principles**

- 3.1 The general tax policy of Aquaporin is to comply with tax legislation and meet our stakeholders’ expectations of corporate social responsibility while ensuring return on investment for our shareholders.
- 3.2 We acknowledge that taxes are an important contributor to stability and sustainable development in the countries in which we do business, and the Board of Directors has therefore approved the following principles regarding the implementation of the Policy that the Executive Management must adhere to and ensure compliance with:
  - 3.2.1 We are committed to operate in full compliance with all local and international tax laws and guidelines, including VAT and tax on labour costs rules, and closely follows developments in the relevant areas.

- 3.2.2 Following OECD's guidelines for transfer pricing and basing all transfer pricing calculations on the arm's length principle
- 3.2.3 Avoiding engaging in aggressive tax planning that moves revenue from high to low tax countries in order to minimize tax payments.
- 3.2.4 Avoiding using secrecy jurisdictions to evade taxation.
- 3.2.5 If the tax laws are ambiguous or open to interpretation, we will interpret such unclear tax provisions in a justified and defensible manner and to the extent deemed relevant seek to clarify material issues, for instance by requesting a binding advance ruling from the relevant tax authorities.
- 3.2.6 Establishing and maintaining a constructive working relationship with governments on all aspects of taxation
- 3.2.7 We shall aim for a competitive taxation level that is comparable to that of our peers, while at the same time maintaining a balanced tax risk profile and avoiding participating in tax evasion activities.
- 3.2.8 Having a simple, transparent tax setup and only using business structures that reflect Aquaporin's business strategy and activities, always considering tax issues from a group perspective, including avoiding double taxation.
- 3.2.9 In undertaking investments, establishing partnerships or launching commercial activities, our primary focus will always be commercial, and not to engage in any activities solely for the purpose of reducing our tax payments.
- 3.2.10 Tax decisions shall therefore always be business driven and any tax plans to be implemented shall be based on the actual and commercial substance of the business.
- 3.2.11 We shall seek to obtain stable and predictable taxation levels given the conditions under which we carry on our business.
- 3.2.12 Tax is a cost of doing business and like any other cost the total tax cost should be proactively monitored and balanced under due consideration of the content of this Tax Policy in general and to protect shareholder value.
- 3.2.13 We will deduct costs and losses against income and apply available tax exemptions and reductions.
- 3.2.14 We will seek to minimise double taxation by applying relevant remedies available under applicable law.

## **4 Tax risk management**

- 4.1 Tax risk management, including the identification of risks and mitigation hereof is part of the group-wide risk management process and as such tax risk management shall be part of the ongoing risk assessment and management.

## **5 Disclosure**

- 5.1 Aquaporin will seek to be transparent and fully disclose facts and circumstances to the relevant tax authorities when requested to do so.

## **6 Review and amendment**

- 6.1 The Board of Directors shall annually review, and if relevant update, this Tax Policy.

## **7 Publication**

- 7.1 This Policy will be publicly available in accordance with the Danish Corporate Governance Recommendation.

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Approved by the Board of Directors of Aquaporin A/S on 7 June 2021.